



EXECUTIVE SUMMARY

ALT Telecom Public Company Limited ("ALT")'s performance for the 1st quarter ended 31 March 2020 compared to same period of previous year are summarized as follows:

Unit: Million THB

	Consolidated FS			Separate FS		
	Q1/2020	Q1/2019	Up (Down)	Q1/2020	Q1/2019	Up (Down)
Revenue	158.15	134.96	23.19	34.03	13.61	20.42
Gross profit (loss)	(40.61)	(1.29)	(39.32)	(82.92)	(25.64)	(57.28)
Other income	375.34	8.53	366.81	379.32	14.50	364.82
Selling expenses	(15.52)	(14.44)	1.08	(7.96)	(7.01)	0.95
Admin expensed	(46.89)	(34.24)	12.64	(30.36)	(12.94)	17.42
Interest expense	(11.32)	(11.86)	(0.54)	(7.29)	(9.91)	(2.61)
Net profit (loss)	188.65	(61.31)	249.95	201.49	(39.09)	240.58

Consolidated Financial Statement

- o Total revenue increased 17.2% from THB 134.96 million in Q1/19 to THB 158.15 million in Q1/20
- o Particularly revenue from network services with an increase of 27.6% from THB 34.45 million to THB 43.96 million, result in, gross profit of the network services near the breakeven point was only a slight loss of THB 1.05 million in 1Q/20 compared to 1Q/19 had a loss of THB 26.96 million and has continued to improve in the 2Q/20. As a result of more telecom services required to keep physical distancing, to cope with the novel pandemic of COVID-19.
- o Revenue from product sales and service for construction and equipment installation increased by 25.9% and 12.3% respectively. However, due to the cost and budget adjustment of some projects to be complied with accounting policy, resulting in higher cost than general period. Anyhow, it was a one-time event. As a consequence of negative gross profit amounting to THB 40.61 million.
- o The negative gross profit incurred in the 1Q/20 was totally wiped out by the other income of THB 357.34 million. The main item of such other income was compensation of damages in the amount of THB 369.62 million, in accordance with the judgement of the Supreme Administrative Court, which ordered the counter party to pay the Company. The Company has already received such compensation in March 2020.
- o Administrative expenses increased THB 12.64 million, mainly incurred from the writing off defected network equipment in Hemaraj Project amounting to THB 15.69 million.
- o Overall performance of the company has a net profit in the consolidated financial statements was THB 188.65 million and the net profit in the separate financial statements was THB 201.49 million.
- o At the end of the 1Q/20, the company has backlog in the number of THB 1,584 million.



The impact of adjustment in accordance with Thai Financial Reporting Standards (TFRS)

On January 1, 2020, the Company began to comply Thai Financial Reporting Standards (TFRS) No. 9 Financial Instruments and No. 16 Leases, with the company choosing to recognize the retroactive effects before using the standard through beginning retained earnings adjustment (Modified retrospective approach), in which the effect of changing standards is recognized in the statement of financial position on January 1, 2020.

Accounting Standard No. 9 Financial Instruments

The account item of the Company, which has been considered by fair value measurement criteria was trade account receivable. The measurement of fair value in account receivable balance on January 1, 2020, resulting in provision of allowance of bad debt through profit or loss is trade accounts receivable, by evaluating data from history receiving of payment including forward looking factors. The number of such provision was recorded in the beginning of retained earnings on January 1, 2020.

Accounting Standard No. 16 Leases

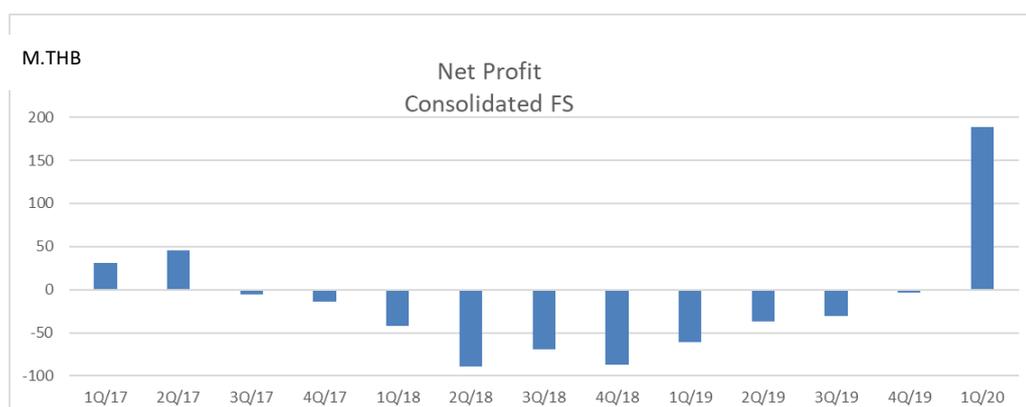
On January 1, 2020, the operating lease is recognized as right of use assets and lease liabilities under the current value of the payments that have to be paid throughout the land lease agreement for installing Optical fiber network, base stations and communication equipment;

- A) Lease liabilities will be recorded at the present value of the remaining lease fee to be paid under the lease agreement by discounted with average financial cost rate, and recognized interest expenses on the said lease liabilities in the income statement. The lease liability will decrease when the payment is paid throughout the contracts.
- B) Right of use assets will be recorded by discounting the rental fee that must be paid throughout the contract, by discounting back to the beginning of the contracts and amortizing to be net book value on January 1, 2020. The discount rate is the same rate as be used to calculate lease liabilities. The difference between right of use assets and lease liabilities was recorded to the beginning of retained earnings on January 1, 2020.

The impact of the said accounting policy The Company recorded in the beginning of retained earnings on

1 January 2020 in the amount of THB 73.86 million in the consolidated financial statements and THB 43.86 million in the separate financial statements.

DIRECTION AND STRATEGY OF BUSINESS DRIVING IN 2020





The Company's performance in 1Q/20 has recovered and resulting in profit of THB 188.65 million, after passed through a difficult period. Regarded as a new beginning along with the potential for high growth. 1Q/20, the Company has won the electronic bidding (e-bidding) in the contract for the procurement and installation of central and regional network equipment of the State Railway of Thailand. Through cooperation with partners in the form of a consortium under the name of the ISI Consortium with a value of over THB 496 million (including VAT), which the Company operate through a subsidiary that the Company holds 100%, International Gateway Company Limited. It is a short-term project with 9-month construction period, started from the contract signing date on February 21, 2020. The total backlog of the Company at the end of 1Q/20, equal to THB 1,584 million.

The Company estimates that the prospects and business opportunities for the Company from now on are quite bright. Both the Construction of new poles and base stations including maintenance jobs to support 5G technology for domestic mobile operator. The Company has signed a tripartite agreement with edotco Group Sdn Bhd ("edotco") and CAT Telecom Public Company Limited ("CAT") to build and or invest in poles and base stations to support the 5G network as mentioned.

International bandwidth service through the network of the Company, to serve international mobile operators and internet service providers in Myanmar, Laos and Cambodia have experienced significant growth. It is another factor that will drive the Company's performance to its goals.

The Company is well aware that although there are still many opportunities for growth in the industry. But the success key is the partnership with a specific expertise, especially in the power sector that is closely linked to the telecommunications business of the Company. It led to cooperation in establishing a joint venture with the country's large private power industry. The Company plans to transfer the optical fiber network to the joint venture. In order to be able to fully utilize the asset, which is supported by more extensive and tangible business opportunities. As a result, the Company has reclassified the items in statement of financial position, from the optical fiber network in non-current assets to non-current assets held for sale. The company expects the transfer of the said assets to be completed no later than 3Q/20, which will be another important step to strengthen the Company's performance accordingly.

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