

Operating Performance Overview

Unit Million Baht	Amount		Change YoY		Amount		Change YoY	
	Q2/16	Q2/17	Amount	(%)	6M 2016	6M 2017	Amount	%
Revenue								
Lease line service income	342.21	355.04	12.84	3.8%	662.06	714.27	52.21	7.9%
Management and maintenance service income-network	3.86	3.86	0.00	0.0%	7.72	7.72	0.00	0.0%
Total Service income	346.07	358.90	12.84	3.7%	669.78	721.99	52.21	7.8%
Revenue from sales	0.00	0.31	0.31	N/A	0.01	0.42	0.41	5174.8%
Other income	1.70	0.60	-1.11	-65.1%	2.46	1.18	-1.28	-52.1%
Total Revenue	347.78	359.81	12.04	3.5%	672.24	723.58	51.34	7.6%
Expense								
Cost of Services and Sales	214.02	225.88	11.86	5.5%	414.75	445.04	30.29	7.3%
Gross Profit	132.05	133.34	1.29	1.0%	255.03	277.36	22.33	8.8%
<i>Gross Profit Margin</i>	<i>38.2%</i>	<i>37.1%</i>			<i>38.1%</i>	<i>38.4%</i>		
Service Expenses	17.44	21.55	4.11	23.6%	34.81	43.95	9.14	26.3%
General & Administrative Expense	60.61	67.61	7.00	11.5%	128.38	135.61	7.23	5.6%
SG&A	78.05	89.15	11.11	14.2%	163.19	179.56	16.37	10.0%
EBIT	55.71	44.78	-10.93	-19.6%	94.30	98.98	4.68	5.0%
<i>EBIT Margin</i>	<i>16.0%</i>	<i>12.4%</i>			<i>14.0%</i>	<i>13.7%</i>		
Depreciation & Amortization-inc in cost of service	90.68	100.06	9.38	10.3%	178.12	196.82	18.70	10.5%
Depreciation & Amortization-inc in SG&A	13.39	14.32	0.93	7.0%	26.82	28.47	1.64	6.1%
Total Depreciation & Amortization	104.07	114.38	10.32	9.9%	204.95	225.29	20.34	9.9%
EBITDA	159.78	159.17	-0.61	-0.4%	299.25	324.27	25.02	8.4%
<i>EBITDA Margin</i>	<i>45.9%</i>	<i>44.2%</i>			<i>44.5%</i>	<i>44.8%</i>		
Financial Cost	22.90	20.70	-2.20	-9.6%	46.91	41.51	-5.39	-11.5%
EBT	32.81	24.09	-8.73	-26.6%	47.39	57.47	10.07	21.3%
Corporate Income Tax	7.17	3.78	-3.39	-47.2%	10.67	9.46	-1.20	-11.3%
Net Profit	25.64	20.30	-5.34	-20.8%	36.73	48.00	11.27	30.7%
<i>Net Profit Margin</i>	<i>7.4%</i>	<i>5.6%</i>			<i>5.5%</i>	<i>6.6%</i>		

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Total revenue in 2Q2017 was Baht 359.81 million, increased by Baht 12.04 million or 3.5% YoY. In 1H2017, Total revenue was Baht 723.58 million, increased by Baht 51.34 million or 7.6% YoY. Costs of services and sales were increasing from depreciation. Service expenses were also increased from marketing activities. Consequently, Net profit in 2Q2017 was Baht 20.30 million or net profit margin of 5.6%, decreased by Baht 5.34 million YoY. However, net profit of 6M2017 was Baht 48.00 million, increased by Baht 11.27 million or 30.7% comparing to same period last year.

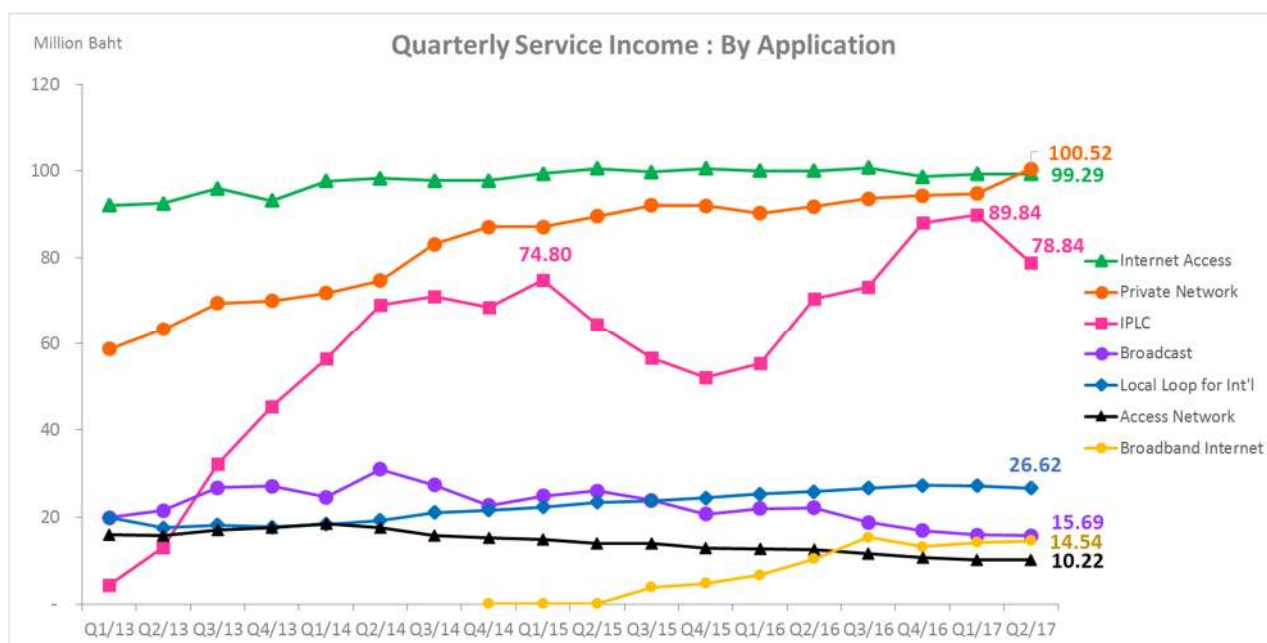
The Malaysia-Cambodia-Thailand (MCT) Submarine Cable System, a joint investment project of telecom operators from Malaysia, Cambodia and Thailand was built to support continuous growing communication traffic in ASEAN. Currently, the MCT submarine cable system and all cable landing stations are ready to provide service to customers. MCT will serve as another gateway for connecting network from Rayong to Cherating in Malaysia and Sihanoukville in Cambodia via submarine cable networks. This project marks a significant milestone for the Company as the first Thai private company to build and operate international submarine cable network system which considered another step forward to become a telecom hub and gateway for ASEAN and also bring the confidence to the Company to achieve the sustainable growth.

Total revenue

Total revenue of 2Q2017 was Baht 359.81 million, increased by Baht 12.04 million or 3.5% YoY. In 1H2017, total revenue was Baht 723.58 million which increased by Baht 51.34 million or 7.6% YoY. The service income; the core revenue of the company, was Baht 358.90 million in this quarter, increased by Baht 12.84 million or 3.7% YoY. Total service income in 1H2017 was Baht 721.99 million, increased by Baht 52.21 million or 7.8% YoY as a result of customer base expansion in IPLC, Private Network and Broadband Internet service.

Service incomes : by application

Unit: Million Baht	Amount		Change YoY		% of service income		Amount		Change YoY	
	Q2/16	Q2/17	Amount	%	Q2/16	Q2/17	6M 2016	6M 2017	Amount	%
Internet Access	99.99	99.29	-0.70	-0.7%	28.9%	27.7%	199.98	198.61	-1.36	-0.7%
Private Network	91.79	100.52	8.73	9.5%	26.5%	28.0%	182.10	195.30	13.21	7.3%
IPLC	70.46	78.84	8.38	11.9%	20.4%	22.0%	125.79	168.68	42.89	34.1%
Broadcast	22.18	15.69	-6.49	-29.3%	6.4%	4.4%	44.14	31.60	-12.54	-28.4%
Local Loop for Int'l	25.83	26.62	0.78	3.0%	7.5%	7.4%	51.10	53.85	2.75	5.4%
Access Network	12.51	10.22	-2.29	-18.3%	3.6%	2.8%	25.27	20.44	-4.83	-19.1%
Broadband Internet	10.40	14.54	4.14	39.8%	3.0%	4.1%	17.09	28.76	11.67	68.3%
Others	12.90	13.19	0.29	2.2%	3.7%	3.7%	24.31	24.75	0.43	1.8%
Total Service Income	346.07	358.90	12.84	3.7%	100.0%	100.0%	669.78	721.99	52.21	7.8%



The revenue from Private Network segment continually grows as a result of increasing usage of both existing and new customers as well as expansion in large corporation market. In 2Q2017, it was Baht 100.52 million, increased by Baht 8.73 million or 9.5% YoY. The revenue from Private Network segment in 1H2017 was Baht 195.30 million, increased by Baht 13.21 million or 7.3% YoY. As a result, revenue from Private Network in 2Q2017 become the major contributor to total service income, accounted for 28.0% of total service income.

Revenue from Internet Access segment in 2Q2017 was Baht 99.29 million. In 1H2017, it was Baht 198.61 million. Company gained more customers but Internet access revenue was stable due to higher market competition.

The revenue from International Private Leased Circuits segment (IPLC) in 2Q2017 was Baht 78.84 million with increased Baht 8.38 million or 11.9% YoY. In 1H2017, it was Baht 168.68 million, increased by Baht 42.89 million or 34.1% YoY due to growing demand for international connectivity that existing customers increased their usage of annual contract and temporary burstable demand.

The revenue from Digital Broadcast segment in 2Q2017 was Baht 15.69 million, decreased by Baht 6.49 million or 29.3% YoY. In 1H2017, it was Baht 31.60 million, declined by Baht 12.54 million or 28.4% YoY due to instability in Digital Broadcast business because of cost pressure that Broadcast operators needed to control cost, change strategic movements or suspend their broadcasting activities.

The revenue from Local Loop for International segment in 2Q2017 was Baht 26.62 million. In 1H2017, it was Baht 53.85 million which was slightly change from previous year.

The revenue from Access Network segment in 2Q2017 was Baht 10.22 million, decreased by Baht 2.29 million YoY. In 1H2017, it was Baht 20.44 million, decreased by Baht 4.83 million or 19.1% YoY due to some contracts that were not renewed.

The Premium Broadband Internet revenue; collaborating with premium broadband internet operator who have strong customer bases in provincial, was Baht 14.54 million in 2Q2017. It increased by Baht 4.14 million or 39.8% YoY. In 1H2017, it was Baht 28.76 million which increased by Baht 11.67 million or 68.3% YoY. As a result of partner's coverage expansion, numbers of subscribers have been increased significantly.

Costs of Services and Sales

Costs of services and sales in 2Q2017 were Baht 225.88 million, increased by Baht 11.86 million YoY. In 1H2017, it was Baht 445.04 million, increased by Baht 30.29 million or 7.3% YoY mainly resulting from higher network depreciation and network rental. Whereas, the other costs were rather stable, depreciation and amortization included in cost of services in 2Q2017 were Baht 100.06 million, increased by Baht 9.38 million YoY. In 1H2017, it was Baht 196.82million, increased Baht 18.70 million YoY.

The network rental was Baht 42.03 million in 2Q2017, increased by Baht 4.80 million YoY. In 1H2017, it was Baht 80.71 million; increased by Baht 9.38 million YoY.

Service Expenses

Service expenses in 2Q2017 was Baht 21.55 million, increased by Baht 4.11 million YoY. In 1H2017, it was Baht 43.95 million which increased by Baht 9.14 million mainly from marketing activities to maintain customer base.

Administrative expenses

Administrative expenses in 2Q2017 were Baht 67.61 million, increased by Baht 7.00 million YoY. In the first half of this year, it was Baht 135.61 million, increased by Baht 7.23 million mainly resulting from higher depreciation of office equipment, professional service fee, and exchange rate loss.

Gross profit, EBITDA and Net profit

In 2Q2017, the Company recorded gross profit in the amount of Baht 133.34 million or gross profit margin of 37.1%. Gross profit increased by Baht 1.29 million. In the first half of this year, gross profit was Baht 277.36 million, increased by Baht 22.33 million or 8.8% YoY.

EBITDA in 2Q2017 was Baht 159.17 million or EBITDA margin of 44.2% in this quarter. In the first half of this year, EBITDA was Baht 324.27 million, increased by Baht 25.02 million or 8.4% YoY.

Net profit in 2Q2017 was Baht 20.30 million or net profit margin of 5.6%, decreased Baht 5.34 million or 20.8% YoY. But in the 1H2017, it was Baht 48.00 million; increased by Baht 11.27 million or 30.7% YoY resulting from higher total revenue.

Statement of Financial Position

Unit : Million Baht	31-Dec-16		30-Jun-17		Change	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets						
Cash and cash equivalents	81.42	2.0%	56.42	1.4%	-25.00	-30.7%
Trade and other receivables	207.18	5.1%	237.19	5.7%	30.01	14.5%
Inventories	12.53	0.3%	12.20	0.3%	-0.32	-2.6%
Prepaid expenses	16.18	0.4%	32.74	0.8%	16.56	102.3%
Undue input VAT	32.60	0.8%	27.89	0.7%	-4.71	-14.5%
Other current assets	26.50	0.7%	31.78	0.8%	5.28	19.9%
Total current assets	376.41	9.3%	398.22	9.5%	21.81	5.8%
Non-current assets						
Network equipment	3,232.10	80.1%	3,333.67	79.8%	101.56	3.1%
Property, building and equipment	341.43	8.5%	352.69	8.4%	11.26	3.3%
Intangible assets	27.95	0.7%	31.23	0.7%	3.28	11.7%
Network equipment guarantees	19.00	0.5%	19.89	0.5%	0.89	4.7%
Other guarantees and deposits	17.63	0.4%	18.71	0.4%	1.07	6.1%
Deferred tax assets	8.81	0.2%	9.44	0.2%	0.63	7.2%
Other non-current assets	13.53	0.3%	12.32	0.3%	-1.21	-9.0%
Total non-current assets	3,660.46	90.7%	3,777.93	90.5%	117.48	3.2%
Total assets	4,036.87	100.0%	4,176.15	100.0%	139.28	3.5%
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	110.00	2.7%	65.00	1.6%	-45.00	-40.9%
Trade and other payables	220.69	5.5%	230.79	5.5%	10.10	4.6%
Current portion of deferred income and advance received from customers	26.29	0.7%	24.59	0.6%	-1.70	-6.5%
Current portion of long-term loans	143.04	3.5%	281.77	6.7%	138.73	97.0%
Other current liabilities	51.77	1.3%	18.98	0.5%	-32.79	-63.3%
Total current liabilities	551.79	13.7%	621.14	14.9%	69.35	12.6%
Non-current liabilities						
Liabilities under hire purchase lease agreements, net of current portion	0.00	0.0%	0.00	0.0%	0.00	N/A
Deferred income and advance received from customers, net of current portion	54.08	1.3%	43.79	1.0%	-10.29	-19.0%
Long-term loans, net of current portion	1,348.17	33.4%	1,373.20	32.9%	25.02	1.9%
Debentures	657.10	16.3%	657.66	15.7%	0.56	0.0%
Provision for long-term employee benefits	25.71	0.6%	28.86	0.7%	3.15	12.3%
Total non-current liabilities	2,085.06	51.7%	2,103.51	50.4%	18.45	0.9%
Total liabilities	2,636.85	65.3%	2,724.64	65.2%	87.80	3.3%
Shareholders' equity						
Share capital						
Issued and paid up						
300,364,200 ordinary shares of Baht 1 each	325.39	8.1%	325.39	7.8%	0.00	0.0%
Share premium	555.55	13.8%	555.55	13.3%	0.00	0.0%
Capital reserve for share-based payment transactions	22.84	0.6%	26.33	0.6%	3.49	15.3%
Retained earnings						
Appropriated - statutory reserve	33.15	0.8%	33.15	0.8%	0.00	0.0%
Unappropriated	463.09	11.5%	511.09	12.2%	48.00	10.4%
Total shareholders' equity	1,400.02	34.7%	1,451.51	34.8%	51.49	3.7%
Total liabilities and shareholders' equity	4,036.87	100.0%	4,176.15	100.0%	139.28	3.5%

As of 30 June 2017, the Company recorded total assets in the amount of Baht 4,176.15 million, increased by Baht 139.28 million from 31 December 2016 mainly due to the increase of network equipment from Malaysia-Cambodia-Thailand (MCT) Submarine Cable System.

Total liabilities were Baht 2,724.64 million, increased by Baht 87.80 million from 31 December 2016. Main liabilities are loans from financial institutions to support network expansion projects and debentures.

Total shareholders' equity was Baht 1,451.51 million which increased by Baht 51.49 million from 31 December 2016 mainly due to increasing of the retained earnings and share-based payment of employee benefits. However, company maintain a stable financial position as of 30 June 2017 with Debt to Equity (D/E) ratio at 1.88x.

About the Company

The Company is a domestic high-speed data communications network service provider using optical fiber cable for its core network and provides related service for example last mile network management and installation service. The Company strategically positions itself as "Neutral Premium Telecom Network Service Provider" (Network Provider Only) that not competing with its customers and focus on hi-end market and service customization to meet various requirements from customers. The Company also gives emphasis to after sale services to all customers and keeps up high quality standard of service to retain its customer base by offering high reliability service that guarantees the quality of our work with Service Level Agreement (SLA) at 99.9%.

The Company as the first Thai private company has obtained a license to build international submarine cable network system named Malaysia-Cambodia-Thailand (MCT) Submarine Cable System which is a joint investment project of telecom operators from Malaysia, Cambodia and Thailand that has span of approximately 1,300 kilometers. The cable landing station named Moalee is established in Rayong province. The project is expected to generate higher efficient communication of future need at lower cost in long run.