

Operating Performance Overview

Unit Million Baht	Amount		Change YoY		Amount		Change YoY	
	Q3/16	Q3/17	Amount	(%)	9M 2016	9M 2017	Amount	%
Revenue								
Lease line service income	348.15	337.35	-10.80	-3.1%	1,010.21	1,051.62	41.41	4.1%
Management and maintenance service income-network	3.86	3.86	0.00	0.0%	11.58	11.58	0.00	0.0%
Total Service income	352.01	341.22	-10.80	-3.1%	1,021.79	1,063.20	41.41	4.1%
Revenue from sales	0.01	0.77	0.76	N/A	0.02	1.19	1.17	5614.6%
Other income	0.92	1.95	1.03	111.0%	3.38	3.12	-0.26	-7.6%
Total Revenue	352.95	343.94	-9.01	-2.6%	1,025.19	1,067.52	42.33	4.1%
Expense								
Cost of Services and Sales	217.43	229.24	11.81	5.4%	632.19	674.28	42.10	6.7%
Gross Profit	134.59	112.75	-21.84	-16.2%	389.62	390.11	0.49	0.1%
<i>Gross Profit Margin</i>	<i>38.2%</i>	<i>33.0%</i>			<i>38.1%</i>	<i>36.7%</i>		
Service Expenses	17.91	22.39	4.48	25.0%	52.72	66.34	13.62	25.8%
General & Administrative Expense	64.30	67.10	2.81	4.4%	192.67	202.71	10.04	5.2%
SG&A	82.21	89.49	7.29	8.9%	245.39	269.05	23.66	9.6%
EBIT	53.31	25.21	-28.11	-52.7%	147.61	124.19	-23.43	-15.9%
<i>EBIT Margin</i>	<i>15.1%</i>	<i>7.3%</i>			<i>14.4%</i>	<i>11.6%</i>		
Depreciation & Amortization-inc in cost of service	95.30	109.48	14.18	14.9%	273.42	306.30	32.88	12.0%
Depreciation & Amortization-inc in SG&A	13.08	14.88	1.80	13.8%	39.90	43.34	3.44	8.6%
Total Depreciation & Amortization	108.38	124.36	15.98	14.7%	313.32	349.64	36.32	11.6%
EBITDA	161.69	149.56	-12.12	-7.5%	460.94	473.83	12.89	2.8%
<i>EBITDA Margin</i>	<i>45.8%</i>	<i>43.5%</i>			<i>45.0%</i>	<i>44.4%</i>		
Financial Cost	23.18	25.24	2.05	8.9%	70.09	66.75	-3.34	-4.8%
EBT	30.13	-0.03	-30.16	-100.1%	77.52	57.43	-20.09	-25.9%
Corporate Income Tax	6.63	-3.25	-9.89	-149.0%	17.30	6.21	-11.09	-64.1%
Net Profit	23.49	3.22	-20.27	-86.3%	60.22	51.22	-9.00	-14.9%
<i>Net Profit Margin</i>	<i>6.7%</i>	<i>0.9%</i>			<i>5.9%</i>	<i>4.8%</i>		

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Total revenue in 3Q2017 was Baht 343.94 million, decreased by Baht 9.01 million or 2.6% YoY. In 9M2017, Total revenue was Baht 1,067.52 million, increased by Baht 42.33 million or 4.1% YoY. Costs of services and sales were increasing from depreciation. Service expenses were also increased from marketing activities. Consequently, Net profit in 3Q2017 was Baht 3.22 million or net profit margin of 0.9%, decreased by Baht 20.27 million YoY. Net profit of 9M2017 was Baht 51.22 million, decreased by Baht 9.00 million comparing to same period last year.

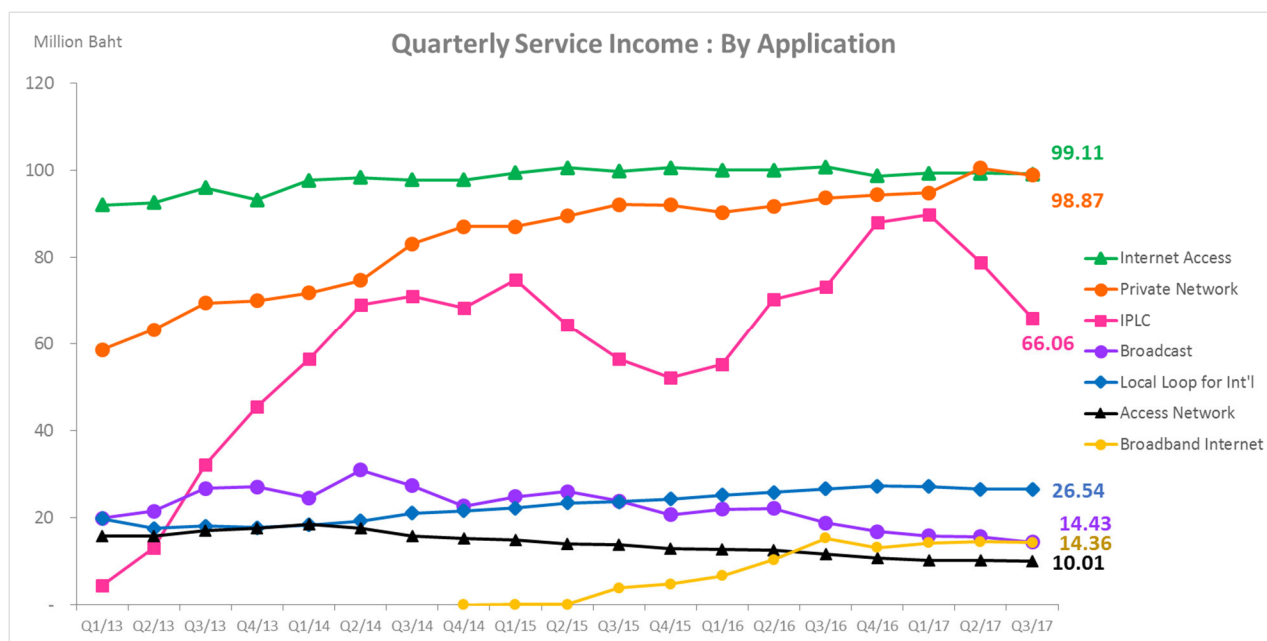
Total revenue

Total revenue of 3Q2017 was Baht 343.94 million, decreased by Baht 9.01 million or 2.6% YoY. The service income; the core revenue of the company, was Baht 341.22 million in this quarter, decreased by Baht 10.80 million or 3.1% YoY due to the decrease of revenue from IPLC and Broadcast segments.

In 9M2017, total revenue was Baht 1,067.52 million which increased by Baht 42.33 million or 4.1% YoY. Total service income was Baht 1,063.20 million, increased by Baht 41.41 million or 4.1% YoY as a result of the increase of revenue from IPLC, Private Network and Broadband Internet service segments.

Service incomes : by application

Unit: Million Baht	Amount		Change YoY		% of service income		Amount		Change YoY	
	Q3/16	Q3/17	Amount	%	Q3/16	Q3/17	9M 2016	9M 2017	Amount	%
Internet Access	100.77	99.11	-1.65	-1.6%	28.6%	29.0%	300.74	297.73	-3.02	-1.0%
Private Network	93.62	98.87	5.25	5.6%	26.6%	29.0%	275.71	294.17	18.46	6.7%
IPLC	73.24	66.06	-7.19	-9.8%	20.8%	19.4%	199.03	234.73	35.70	17.9%
Broadcast	18.79	14.43	-4.37	-23.2%	5.3%	4.2%	62.93	46.02	-16.91	-26.9%
Local Loop for Int'l	26.69	26.54	-0.14	-0.5%	7.6%	7.8%	77.79	80.39	2.60	3.3%
Access Network	11.66	10.01	-1.66	-14.2%	3.3%	2.9%	36.93	30.45	-6.49	-17.6%
Broadband Internet	15.37	14.36	-1.01	-6.6%	4.4%	4.2%	32.46	43.12	10.66	32.8%
Others	11.87	11.84	-0.03	-0.2%	3.4%	3.5%	36.18	36.59	0.40	1.1%
Total Service Income	352.01	341.22	-10.80	-3.1%	100.0%	100.0%	1,021.79	1,063.20	41.41	4.1%



Revenue from Internet Access segment in 3Q2017 was Baht 99.11 million. In 9M2017, it was Baht 297.73 million. The Company gained more customers but Internet access revenue was stable due to higher market competition.

The revenue from Private Network segment in 3Q2017 was Baht 98.87 million, slightly changed from previous quarter but comparing to the same period last year, increased by Baht 5.25 million or 5.6% YoY. The number of customers in this segment continually grows as a result of increasing usage of both existing and new customers as well as expansion in large corporation market. The revenue from Private Network segment in 9M2017 was Baht 297.17 million, increased by Baht 18.46 million or 6.7% YoY.

The revenue from International Private Leased Circuits segment (IPLC) in 3Q2017 was Baht 66.06 million, decreased by Baht 7.19 million or 9.8% YoY due to the expiration of temporary contract. In 9M2017, revenue from IPLC was Baht 234.73 million, increased by Baht 35.70 million or 17.9% 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 3Q2017 was Baht 14.43 million, decreased by Baht 4.37 million or 23.2% YoY. In 9M2017, it was Baht 46.02 million, declined by Baht 16.91 million or 26.9% 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 3Q2017 was Baht 26.54 million. In 9M2017, it was Baht 80.39 million which was slightly change from previous year.

The revenue from Access Network segment in 3Q2017 was Baht 10.01 million, decreased by Baht 1.66 million YoY. In 9M2017, it was Baht 30.45 million, decreased by Baht 6.49 million or 17.6% YoY due to some contracts that were not renewed.

The Premium Broadband Internet revenue, the collaboration project with partners that the Company provide backbone networks and internet service while partners provide lastmile networks and customer care. In 3Q2017, revenue from premium broadband internet was Baht 14.36 million and in 9M2017, it was Baht 43.12 million which increased by Baht 10.66 million or 32.8% YoY. As a result of partner's coverage expansion, numbers of subscribers have been increased.

Costs of Services and Sales

Costs of services and sales in 3Q2017 were Baht 229.24 million, increased by Baht 11.81 million YoY. In 9M2017, it was Baht 674.28 million, increased by Baht 42.10 million or 6.7% YoY mainly resulting from higher network depreciation and network rental. Whereas, the other costs were rather stable and USO fee was decreased due to the National Broadcasting and Telecommunications Commission (NBTC) has resolved to reduce USO fee charged for telecom operators from 3.75% of revenue to 2.5%

Depreciation and amortization included in cost of services in 3Q2017 were Baht 109.48 million, increased by Baht 14.18 million YoY. In 9M2017, it was Baht 306.30 million, increased Baht 32.88 million YoY due to the depreciation of Malaysia-Cambodia-Thailand submarine cable network (MCT)

Service Expenses

Service expenses in 3Q2017 was Baht 22.39 million, increased by Baht 4.48 million YoY. In 9M2017, it was Baht 66.34 million which increased by Baht 13.62 million mainly from marketing activities to maintain customer base, sale promotion and PR activities.

Administrative expenses

Administrative expenses in 3Q2017 were Baht 67.10 million, increased by Baht 2.81 million YoY. In 9M2017, it was Baht 202.71 million, increased by Baht 10.04 million mainly resulting from higher depreciation and maintenance of office equipment and software.

Gross profit, EBITDA and Net profit

In 3Q2017, the Company recorded gross profit in the amount of Baht 112.75 million or gross profit margin of 33.0%. Gross profit decreased by Baht 21.84 million due to decreased revenue while depreciation increased. In 9M2017, gross profit was Baht 390.11 million, slightly changed comparing to the same period last year.

EBITDA in 3Q2017 was Baht 149.56 million or EBITDA margin of 43.5% in this quarter. Comparing to same period last year, EBITDA decreased by Baht 12.12 million. In 9M2017, EBITDA was Baht 473.83 million, increased by Baht 12.89 million or 2.8% YoY.

In 9M2017, corporate income tax expense was Baht 6.21 million. Comparing to 9M2016, decreased by Baht 11.09 million due to tax benefit from domestic investment promotion measure that allow 1.5x tax deduction for domestic investment. Therefore, the Company recorded tax revenue in the amount of Baht 3.25 million.

Net profit in 3Q2017 was Baht 3.22 million or net profit margin of 0.9%, decreased Baht 20.27 million YoY. In 9M2017, net profit was Baht 51.22 million; decreased by Baht 9.00 million or 14.9% YoY.

Statement of Financial Position

As of 30 September 2017, the Company recorded total assets in the amount of Baht 4,191.03 million, increased by Baht 154.16 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 2,736.28 million, increased by Baht 99.44 million from 31 December 2016. Main liabilities are loans from financial institutions to support network expansion projects and debentures.

Total shareholders' equity was Baht 1,454.75 million which increased by Baht 54.72 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 September 2017, Debt to Equity (D/E) ratio was 1.88x

Unit : Million Baht	31-Dec-16		30-Sep-17		Change	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets						
Cash and cash equivalents	81.42	2.0%	65.52	1.6%	-15.90	-19.5%
Trade and other receivables	207.18	5.1%	211.00	5.0%	3.82	1.8%
Inventories	12.53	0.3%	11.87	0.3%	-0.66	-5.2%
Prepaid expenses	16.18	0.4%	25.06	0.6%	8.88	54.9%
Undue input VAT	32.60	0.8%	19.23	0.5%	-13.37	-41.0%
Other current assets	26.50	0.7%	53.62	1.3%	27.12	102.3%
Total current assets	376.41	9.3%	386.30	9.2%	9.89	2.6%
Non-current assets						
Network equipment	3,232.10	80.1%	3,372.03	80.5%	139.92	4.3%
Property, building and equipment	341.43	8.5%	340.31	8.1%	-1.11	-0.3%
Intangible assets	27.95	0.7%	31.48	0.8%	3.53	12.6%
Network equipment guarantees	19.00	0.5%	20.02	0.5%	1.02	5.4%
Other guarantees and deposits	17.63	0.4%	18.52	0.4%	0.89	5.1%
Deferred tax assets	8.81	0.2%	9.76	0.2%	0.95	10.7%
Other non-current assets	13.53	0.3%	12.61	0.3%	-0.92	-6.8%
Total non-current assets	3,660.46	90.7%	3,804.73	90.8%	144.27	3.9%
Total assets	4,036.87	100.0%	4,191.03	100.0%	154.16	3.8%
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	110.00	2.7%	30.00	0.7%	-80.00	-72.7%
Trade and other payables	220.69	5.5%	304.77	7.3%	84.08	38.1%
Current portion of deferred income and advance received from customers	26.29	0.7%	27.14	0.6%	0.85	3.2%
Current portion of long-term loans	143.04	3.5%	332.42	7.9%	189.38	132.4%
Other current liabilities	51.77	1.3%	14.91	0.4%	-36.86	-71.2%
Total current liabilities	551.79	13.7%	709.24	16.9%	157.45	28.5%
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%	38.57	0.9%	-15.51	-28.7%
Long-term loans, net of current portion	1,348.17	33.4%	1,300.08	31.0%	-48.09	-3.6%
Debentures	657.10	16.3%	657.95	15.7%	0.85	0.1%
Provision for long-term employee benefits	25.71	0.6%	30.44	0.7%	4.73	18.4%
Total non-current liabilities	2,085.06	51.7%	2,027.04	48.4%	-58.02	-2.8%
Total liabilities	2,636.85	65.3%	2,736.28	65.3%	99.44	3.8%
Shareholders' equity						
Share capital						
Issued and paid up						
325,393,681 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%	26.35	0.6%	3.51	15.3%
Retained earnings						
Appropriated - statutory reserve	33.15	0.8%	33.15	0.8%	-0.00	0.0%
Unappropriated	463.09	11.5%	514.31	12.3%	51.22	11.1%
Total shareholders' equity	1,400.02	34.7%	1,454.75	34.7%	54.72	3.9%
Total liabilities and shareholders' equity	4,036.87	100.0%	4,191.03	100.0%	154.16	3.8%

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. Moreover, MCT Submarine Cable Project has been entitled to receive incentives and tax privileges according to the Investment Promotion Act B.E. 2520. The incentives and tax privileges include exemption of corporate income tax for net profit from promoted business in the amount not over Baht 988,578,798.94 for a period of 8 years from the first commercial date, exemption of income tax on dividends paid from the profit of the promoted business throughout the period in which the corporate income tax is exempted, exemption of import duty for machinery and equipment that approved by the Board and other privileges i.e. permit to bring skilled workers, experts and family members into the Kingdom to work in investment promoted activities and residing in the Kingdom as approved by the Board, permit to take out or remit money abroad in foreign currency.