

Operating Performance Overview for 2016

Consolidated Income Statements

| Unit Million Baht | 2015 | | 2016 | | Change YoY | |
|--|-----------------|---------------|-----------------|---------------|---------------|---------------|
| | Amount | % | Amount | % | Amount | % |
| Revenue | | | | | | |
| Lease line service income | 1,289.96 | 97.8% | 1,366.61 | 98.4% | 76.65 | 5.9% |
| Management and maintenance service income-network | 15.90 | 1.2% | 15.44 | 1.1% | -0.46 | -2.9% |
| Total Service income | 1,305.86 | 99.0% | 1,382.06 | 99.5% | 76.19 | 5.8% |
| Revenue from sales | 0.38 | 0.0% | 0.02 | 0.0% | -0.36 | -94.5% |
| Other income | 13.20 | 1.0% | 6.64 | 0.5% | -6.56 | -49.7% |
| Total Revenue | 1,319.45 | 100.0% | 1,388.72 | 100.0% | 69.27 | 5.2% |
| Expense | | | | | | |
| Cost of Services and Sales | 765.18 | 58.0% | 844.27 | 60.8% | 79.08 | 10.3% |
| Gross Profit | 541.06 | 41.0% | 537.81 | 38.7% | -3.25 | -0.6% |
| <i>Gross Profit Margin</i> | <i>41.4%</i> | | <i>38.9%</i> | | | |
| Service Expenses | 72.31 | 5.5% | 71.95 | 5.2% | -0.37 | -0.5% |
| General & Administrative Expense | 251.13 | 19.0% | 259.67 | 18.7% | 8.53 | 3.4% |
| SG&A | 323.45 | 24.5% | 331.61 | 23.9% | 8.17 | 2.5% |
| EBIT | 230.82 | 17.5% | 212.84 | 15.3% | -17.98 | -7.8% |
| <i>EBIT Margin</i> | <i>17.5%</i> | | <i>15.3%</i> | | | |
| Depreciation & Amortization-inc in cost of service | 308.80 | 23.4% | 370.69 | 26.7% | 61.89 | 20.0% |
| Depreciation & Amortization-inc in SG&A | 51.74 | 3.9% | 53.02 | 3.8% | 1.28 | 2.5% |
| Total Depreciation & Amortization | 360.54 | 27.3% | 423.70 | 30.5% | 63.16 | 17.5% |
| EBITDA | 591.36 | 44.8% | 636.54 | 45.8% | 45.18 | 7.6% |
| <i>EBITDA Margin</i> | <i>44.8%</i> | | <i>45.8%</i> | | | |
| Financial Cost | 85.05 | 6.4% | 92.33 | 6.6% | 7.29 | 8.6% |
| EBT | 145.77 | 11.0% | 120.50 | 8.7% | -25.27 | -17.3% |
| Corporate Income Tax | 31.87 | 2.4% | 21.14 | 1.5% | -10.73 | -33.7% |
| Net Profit | 113.90 | 8.6% | 99.36 | 7.2% | -14.54 | -12.8% |
| <i>Net Profit Margin</i> | <i>8.6%</i> | | <i>7.2%</i> | | | |

Business Overview

Revenue growth in 2016 continues its positive momentum despite high competition in some market segments. Total service income in 2016 was Baht 1,382.06 million, increased by Baht 76.19 million or 5.8%YoY, mainly contributed by revenue from international private leased circuits segment (IPLC) due to growing demand for international connectivity especially connectivity to CLMV countries (Cambodia, Laos PDR, Myanmar and Vietnam) that having high economic growth rates. In addition, revenue from premium broadband service also contributed positive growing trend.

Cost of service and sales, the Company has implemented more stringent cost control. However, cost of service still increased mainly due to increase of non-cash cost that is depreciation resulting from the continued investment project from previous periods. While most of cash cost items have been stabilized.

EBITDA in 2016 was Baht 636.54 million, increased by Baht 45.18 million or 7.6% YoY. In 2016, net profit was Baht 99.36 million or the net profit margin of 7.2%. The net profit decreased Baht 14.54 million or 12.8% YoY due to increased depreciation.

For the Malaysia-Cambodia-Thailand (MCT) Submarine Cable System, a joint investment project of telecom operators from Malaysia, Cambodia and Thailand to build MCT submarine cable system to support continuous growing communication traffic in ASEAN. The project will be ready for service in April 2017. This project marks a significant milestone for the Company as the first Thai private company to build and operate international submarine cable network system and carries on a mission to be a telecom infrastructure service provider with high efficiency.

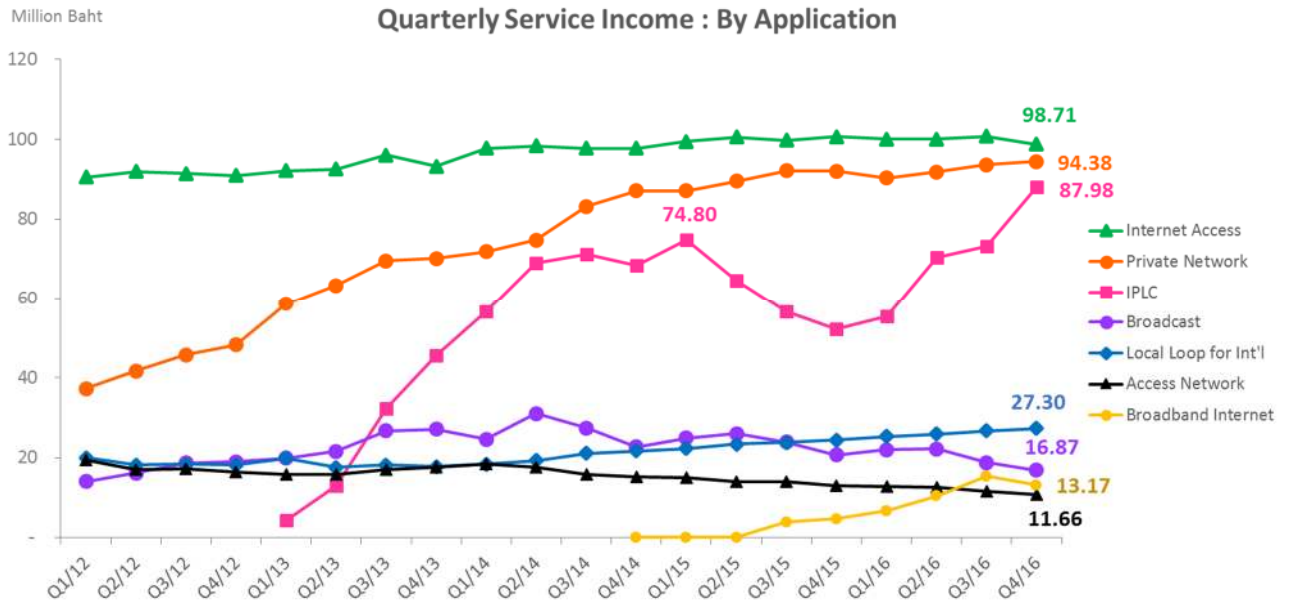
Our determination to develop high speed communication network capability and continual efficiency improvement to maintain competitiveness together with tendency of communication traffic growth from technology development i.e. IOT, Big Data and Cloud that surely stimulate strong demand growth for communication networks as well as concrete digital economy campaign that government promoting ICT technology infrastructure and preparing Thailand to be Hub and Gateway for the ASEAN Economic Community bring the confidence that the Company can achieve the sustainable growth.

Total revenue

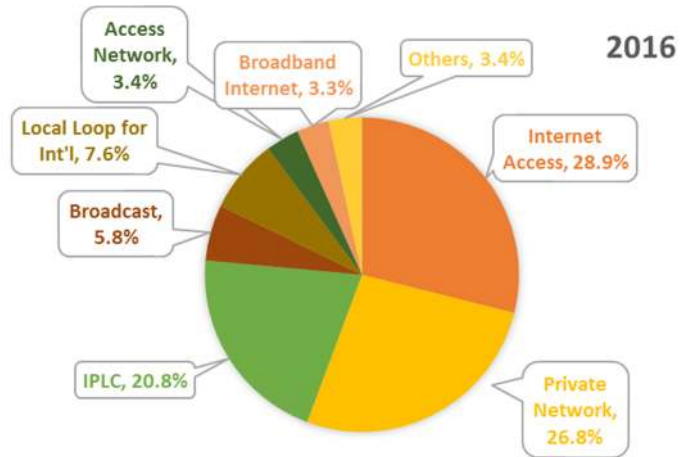
Total revenue of 2016 was Baht 1,388.72 million, increased by Baht 69.27 million or 5.2% YoY. Service income which is the core revenue of the company was Baht 1,382.06 million, increased by Baht 76.19 million or 5.8% YoY due to growing demand for international connectivity especially connectivity to CLMV countries (Cambodia, Laos PDR, Myanmar and Vietnam) which had high economic growth in year 2016. The premium broadband revenue also significantly increased in year 2016.

Service incomes: by application

| Unit: Million Baht | 2015 | | 2016 | | Change | |
|-----------------------------|-----------------|---------------|-----------------|---------------|--------------|-------------|
| | Amount | (%) | Amount | (%) | Amount | % Change |
| Internet Access | 400.24 | 30.6% | 399.45 | 28.9% | -0.79 | -0.2% |
| Private Network | 360.67 | 27.6% | 370.09 | 26.8% | 9.42 | 2.6% |
| IPLC | 248.03 | 19.0% | 287.01 | 20.8% | 38.98 | 15.7% |
| Broadcast | 95.51 | 7.3% | 79.81 | 5.8% | -15.70 | -16.4% |
| Local Loop for Int'l | 93.82 | 7.2% | 105.09 | 7.6% | 11.27 | 12.0% |
| Access Network | 55.81 | 4.3% | 47.66 | 3.4% | -8.15 | -14.6% |
| Broadband Internet | 8.89 | 0.7% | 45.64 | 3.3% | 36.75 | 413.5% |
| Others | 42.89 | 3.3% | 47.30 | 3.4% | 4.42 | 10.3% |
| Total Service Income | 1,305.85 | 100.0% | 1,382.06 | 100.0% | 76.20 | 5.8% |



Revenue from Internet Access segment was still a major contributor to total service income; accounted for 28.9% of total service income. It was Baht 399.45 million which declined Baht 0.79 million or 0.2% YoY. The Company gained more customers but Internet access revenue was rather stable due to higher market competition and sluggish economy.



The revenue from Private Network segment continually grows as a result of increasing usage of existing and new customers, and expansion in large corporation market. In 2016, it was Baht 370.09 million, increased by Baht 9.42 million or 2.6% YoY. The portion of the private network revenue accounted for 26.8 % of total service income.

In 2016, the revenue from international private leased circuits segment (IPLC) was Baht 287.01 million, increased by Baht 38.98 million or 15.7% YoY due to growing demand for international connectivity especially connectivity to CLMV countries (Cambodia, Laos PDR, Myanmar and Vietnam), increased usage of existing customers as well as new customers.

The revenue from Digital Broadcast segment in 2016 was Baht 79.81 million, declined by Baht 15.70 million due to 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 2016 was Baht 105.09 million YoY, increased by Baht 11.27 million or 12.0% from increased usage of customers. The revenue from Access Network segment in 2016 was Baht 47.66 million, decreased by Baht 8.15 million YoY due to some contracts that were not renewed.

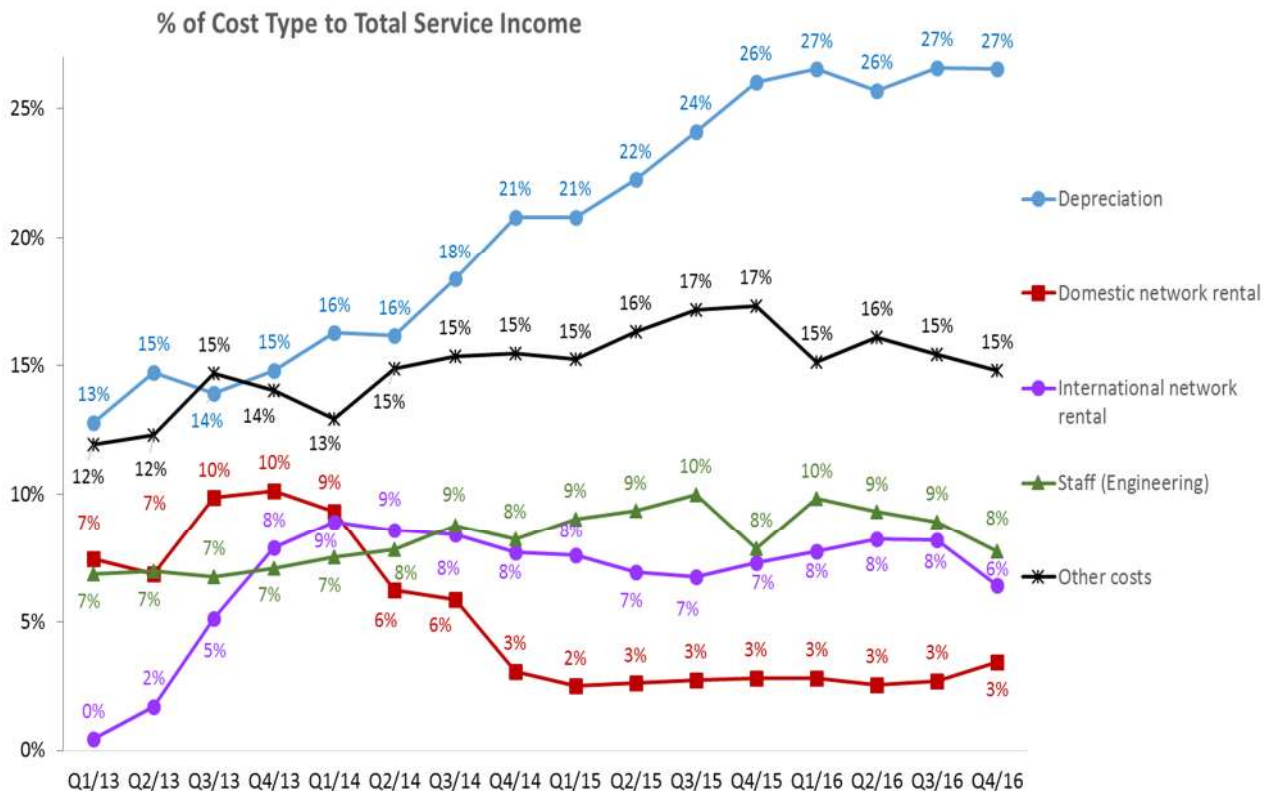
The revenue from Broadband Internet in 2016 was Baht 45.64 million, significantly increased by Baht 36.75 million or 413.5% YoY. The Company collaborates with premium broadband internet operator especially the ones who have strong customer bases in provincial areas e.g. Simat Technologies Public Company Limited (SIMAT) by providing backbone network service. Numbers of subscribers have been increased significantly, hence revenue from premium broadband increases steadily. This not only creates additional service income but also increases more utilization of our network.

Other revenue in 2016 was Baht 47.30 million, increased by Baht 4.42 million or 10.3% YoY mainly from higher colocation revenue which vary in line with the bandwidth usage of customers.

Costs of Services and Sales

Costs of services and sales in 2016 were Baht 844.27 million, increased by Baht 79.08 million or 10.3% mainly resulting from depreciation due to network expansion and increased network rental cost.

The depreciation and amortization include in costs of service in 2016 were Baht 370.69 million, increased by Baht 61.89 million or 20.0%YoY. The total network rental was Baht 144.89 million, increased by Baht 17.05 million YoY due to mainly international network rental that increased in line with increased revenue from IPLC. However, effectively network management caused a lower maintenance cost about Baht 13.79 million.



Service Expenses

Service Expenses in 2016 was Baht 71.95 million, decreased by Baht 0.37 million or 0.5% YoY as a result of efficient internal cost control. Moreover, the Company suspended entertainment marketing activities in 4Q2017 comply with the Thailand situation. However, company spend higher marketing promotion expenses to boost sales revenue amidst high market competition.

Administrative expenses

Administrative Expenses in 2016 were Baht 259.67 million, increased by Baht 8.53 million or 3.4% YoY mainly resulting from higher employee expenses, office maintenance expenses, depreciation of office equipment and IT consultant fee etc.

Gross profit, EBITDA and Net profit

In 2016, the Company recorded gross profit in the amount of Baht 537.81 million or gross profit margin of 38.9%. Gross profit decreased by Baht 3.25 million or 0.6% YoY. EBITDA was Baht 636.54 million or EBITDA margin of 45.8%, increased by Baht 45.18 million or 7.6% YoY. Net profit in 2016 was Baht 99.36 million, decreased by Baht 14.54 million or 12.8% YoY resulting from the increased depreciation and financial costs.

Statement of Financial Position

As of 31 December 2016, the Company recorded total assets in the amount of Baht 4,036.87 million, increased by Baht 391.17 million from 31 December 2015 mainly due to the increase of network equipments and assets under construction of MCT Project.

Total liabilities were Baht 2,636.85 million, increased by Baht 287.55 million from 31 December 2015 mainly due to the borrowing from financial institutions to support network expansion projects. In 2Q2016, the Company has done a financial restructure by issuing debentures in the amount of Baht 660 million with 3-year tenor, unsubordinated and unsecured. The coupon rate is 4.25% per annum, payable semi-annually. Proceeds from the debentures issuance was used to refinance the expired bill of exchange and loans that carry higher interest rates. As a result, the Company has gaining more appropriate financial structure with reduced cost of funds.

Total shareholders' equity was Baht 1,400.02 million, increased by Baht 103.63 million from 31 December 2015 due to total comprehensive income for 2016 in the amount of Baht 71.55 million and dividend payment in the amount of Baht 25.03 million and capital reserve for share-based payment transactions increased by Baht 7.05 million YoY. As of 31 December 2016, Debt to Equity (D/E) ratio was 1.88x.

| Unit : Million Baht | 31-Dec-15 | | 31-Dec-16 | | Change | |
|---|-----------------|---------------|-----------------|---------------|----------------|---------------|
| | Amount | % | Amount | % | Amount | % |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | 62.50 | 1.7% | 81.42 | 2.0% | 18.92 | 30.3% |
| Trade and other receivables | 189.87 | 5.2% | 207.18 | 5.1% | 17.31 | 9.1% |
| Inventories | 14.16 | 0.4% | 12.53 | 0.3% | -1.63 | -11.5% |
| Prepaid expenses | 15.94 | 0.4% | 16.18 | 0.4% | 0.24 | 1.5% |
| Undue input VAT | 38.90 | 1.1% | 32.60 | 0.8% | -6.30 | -16.2% |
| Other current assets | 11.58 | 0.3% | 26.50 | 0.7% | 14.93 | 128.9% |
| Total current assets | 332.94 | 9.1% | 376.41 | 9.3% | 43.47 | 13.1% |
| Non-current assets | | | | | | |
| Network equipment | 2,856.72 | 78.4% | 3,232.10 | 80.1% | 375.39 | 13.1% |
| Property, building and equipment | 362.30 | 9.9% | 341.43 | 8.5% | -20.87 | -5.8% |
| Intangible assets | 22.81 | 0.6% | 27.95 | 0.7% | 5.14 | 22.5% |
| Network equipment guarantees | 35.65 | 1.0% | 19.00 | 0.5% | -16.65 | -46.7% |
| Other guarantees and deposits | 18.22 | 0.5% | 17.63 | 0.4% | -0.58 | -3.2% |
| Deferred tax assets | 6.22 | 0.2% | 8.81 | 0.2% | 2.59 | 41.7% |
| Other non-current assets | 10.85 | 0.3% | 13.53 | 0.3% | 2.69 | 24.8% |
| Total non-current assets | 3,312.75 | 90.9% | 3,660.46 | 90.7% | 347.70 | 10.5% |
| Total assets | 3,645.69 | 100.0% | 4,036.87 | 100.0% | 391.17 | 10.7% |
| Liabilities and shareholders' equity | | | | | | |
| Current liabilities | | | | | | |
| Short-term loans from financial institutions | 413.12 | 11.3% | 110.00 | 2.7% | -303.12 | -73.4% |
| Trade and other payables | 319.00 | 8.7% | 220.69 | 5.5% | -98.30 | -30.8% |
| Current portion of deferred income and advance received from customers | 26.37 | 0.7% | 26.29 | 0.7% | -0.08 | -0.3% |
| Current portion of long-term loans | 362.20 | 9.9% | 143.04 | 3.5% | -219.16 | -60.5% |
| Other current liabilities | 20.60 | 0.6% | 51.77 | 1.3% | 31.17 | 151.3% |
| Total current liabilities | 1,141.29 | 31.3% | 551.79 | 13.7% | -589.50 | -51.7% |
| 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 | 74.61 | 2.0% | 54.08 | 1.3% | -20.53 | -27.5% |
| Long-term loans, net of current portion | 1,113.25 | 30.5% | 1,348.17 | 33.4% | 234.92 | 21.1% |
| Debentures | 0.00 | 0.0% | 657.10 | 16.3% | | |
| Provision for long-term employee benefits | 20.15 | 0.6% | 25.71 | 0.6% | 5.56 | 27.6% |
| Total non-current liabilities | 1,208.01 | 33.1% | 2,085.06 | 51.7% | 877.04 | 72.6% |
| Total liabilities | 2,349.30 | 64.4% | 2,636.85 | 65.3% | 287.55 | 12.2% |
| Shareholders' equity | | | | | | |
| Share capital | | | | | | |
| Issued and paid up | | | | | | |
| 300,364,200 ordinary shares of Baht 1 each | 300.36 | 8.2% | 325.39 | 8.1% | 25.03 | 8.3% |
| Share premium | 555.55 | 15.2% | 555.55 | 13.8% | 0.00 | 0.0% |
| Capital reserve for share-based payment transactions | 15.80 | 0.4% | 22.84 | 0.6% | 7.05 | 44.6% |
| Retained earnings | | | | | | |
| Appropriated - statutory reserve | 30.60 | 0.8% | 33.15 | 0.8% | 2.55 | 8.3% |
| Unappropriated | 394.09 | 10.8% | 463.09 | 11.5% | 69.00 | 17.5% |
| Total shareholders' equity | 1,296.39 | 35.6% | 1,400.02 | 34.7% | 103.63 | 8.0% |
| Total liabilities and shareholders' equity | 3,645.69 | 100.0% | 4,036.87 | 100.0% | 391.17 | 10.7% |

| Key financial figures | Unit | 2014 | 2015 | 2016 |
|----------------------------|-------|----------|----------|----------|
| Total Revenue | MB | 1,275.39 | 1,319.45 | 1,388.72 |
| Net Profit | MB | 181.71 | 113.90 | 99.36 |
| Total Assets | MB | 3,094.27 | 3,645.69 | 4,036.87 |
| Interest Bearing Debt | MB | 1,338.91 | 1,888.58 | 2,258.31 |
| Total Liabilities | MB | 1,802.96 | 2,349.30 | 2,636.85 |
| Total Shareholders' Equity | MB | 1,291.32 | 1,296.39 | 1,400.02 |
| Return on Assets (ROA) | % | 6.79% | 3.38% | 2.59% |
| Return on Equity (ROE) | % | 14.18% | 8.80% | 7.37% |
| Debt to Equity Ratio | Times | 1.40 | 1.81 | 1.88 |

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 be completed and ready for service in middle of the year 2017 in order to generate higher efficient communication of future need at lower cost in long run.