



INTERLINK COMMUNICATION PUBLIC COMPANY LIMITED

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Subject: Management's Discussion and Analysis for the Third Quarter Ended September 30, 2018

To: The Stock Exchange of Thailand Board Members

Discussion and Analysis of Operation Results and Financial Condition

Overall Results of Past Operation

Interlink Communication Public Company Limited has operated for 31 years till now. Being a pioneer of introducing and distributing LAN cable technology in Thailand 26 years ago, the company has been currently recognized as the biggest cabling importer and distributor in Thailand whose market has continuously expanded to other Asian countries. Accordingly, this **distribution business** is the major source of company's revenue.

In order to add more value to the distribution business, the company participated in the bidding of huge cabling installation and won the construction project of Suvarnabhumi Airport Phase I in 2003. As a result, the company announced **engineering business** which is mainly run by a team of professional engineers to bid on projects such as Submarine Cable Project, High Voltage Transmission Line Project, APM Project etc.

Because revenues from the engineering business were not constantly recognized, new executives took an advantage of being the cabling importer and distributor as well as having an own engineering team to establish a subsidiary company largely focusing on **telecom business**. This business provides several services over fiber optic network which the company has widely installed throughout the country. Later, this telecoms business did the spin off creating an independent entity and was listed on the Market for Alternative Investment (MAI) under the name "ITEL". However, ILINK, the parent company, is still holding the majority of ITEL shares up to 60%.

According to the previous year's performance, the company had an issue with advance loss of profit from the infrastructure project at Suvarnabhumi Airport Phase II that the company had to work in place of a partner negatively affecting the company's profit for the whole year. Therefore, in 2018, the company has seriously determined firm policies which are to reduce costs, to boost profit margins through the distribution business, to apply cost-control standards, and to closely monitor all engineering projects in order to regain reliability from shareholders and investors. With many achievements of telecoms business, the current year's performance of the Interlink Group gradually improved from the second quarter onwards.

For the three-month period ended September 30, 2018, company's total revenues were 1,386.26 Million Baht which increased by 304.05 Million Baht or approximately 28.09% when comparing to the same period of previous year. Net profit was 90.03 Million Baht, up by 12.17 Million Baht or approximately 15.63% when comparing to the same period of previous year.



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Analysis of Operation Results

1. Revenue

For the three-month period ended September 30, 2018, company's total revenues were 1,386.26 Million Baht, increased from the second quarter of 2018 by 105.59 Million Baht or approximately 8.24%. Comparing to the third quarter of 2017, the revenues increased by 304.05 Million Baht or approximately 28.09% as shown on the following table.

Revenues	September 30, 2018		June 30, 2018		September 30, 2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from Distribution Business	583.55	42.10	464.78	36.29	539.03	49.81
Revenues from Engineering Business	382.83	27.62	306.08	23.90	303.28	28.02
Revenues from Telecom Business	408.01	29.42	482.94	37.71	229.28	21.19
Other Revenues	11.87	0.86	26.87	2.10	10.63	0.98
Total Revenues	1,386.26	100.00	1,280.67	100.00	1,082.22	100.00

2. Net Profit

For the three-month period ended September 30, 2018, company's net profits were 90.03 Million Baht, increased from the second quarter of 2018 by 13.48 Million Baht or approximately 17.60%. Comparing to the third quarter of 2017, the revenues increased by 12.17 Million Baht or approximately 15.63%.

Analysis of Financial Condition

1. Assets

As of September 30, 2018, company's total assets were 9,510.21 Million Baht, increased from the year ended December 31, 2017 by 2,380.59 Million Baht or approximately 33.39%. Significant assets are account receivables, accrued revenues from project works, and fixed assets including equipment for telecoms network. As of September 30, 2018, the proportions of these significant assets to the total assets are 10.19%, 27.02%, and 40.89% respectively. Below is the list of significant changes in the company's total assets.

- 1) Account receivable increased due to the higher sales
- 2) Accrued revenues from project works increased relating to the work progress that has not been delivered yet
- 3) Fixed assets and equipment for telecoms network went up to support sales and to increase the stability and coverage of network



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2. Liabilities

As of September 30, 2018, company's total liabilities were 6,132.79 Million Baht, increased from the year ended December 31, 2017 by 2,181.52 Million Baht or approximately 55.21%. The increase was mainly impacted by loans from financial institutions and bond issuance used to invest in the project works and to expand the telecoms network.

3. Shareholders' Equity

As of September 30, 2018, company's total shareholders' equity were 3,377.42 Million Baht, increased from the year ended December 31, 2017 by 199.06 Million Baht or approximately 6.26%. The increase resulted from net incomes which have been accumulated over nine-month period of 2018.

Analysis of Returns

1. Return on Equity (ROE)

Return on Equity (ROE) for the nine-month period ended September 30, 2018 is 9.62%, compared to 6.74%, for 2017. The growth was approximately 42.58% as a result of increasing profits from three main businesses.

2. Return on Asset (ROA)

Return on Asset (ROA) for the nine-month period ended September 30, 2018 is 3.79%, compared to 3.59%, for 2017. The increase was approximately 5.43% as it was impacted by the analyses mentioned earlier.

Please be informed accordingly.

Yours sincerely,



A handwritten signature in blue ink, appearing to read "S A", written over a horizontal line.

(Mr. Sombat Anuntarumporn)
President and Managing Director