



INTERLINK COMMUNICATION PUBLIC COMPANY LIMITED

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Topic Management's Discussion and Analysis for the Year Ended December 31, 2018

Dear The Stock Exchange of Thailand Board Members

Discussion and Analysis of Operation Results and Financial Condition

Overview of the Interlink Group

Interlink Communication Public Company Limited: ILINK has operated for 32 years till now by being a pioneer of introducing and distributing LAN cable technology in Thailand 27 years ago. With the vision as well as strong intention to bring technology to develop the country, the founder of Interlink Group put a great effort in importing and distributing cabling products. ILINK mainly focuses on B2B transactions whose partners are ICT dealer, IT system integrator, Contractor, and Electrical Shop. Other than the head office in Bangkok, the company has 4 more branches in other main parts of Thailand including Chiang Mai in the northern region, Song Khla in the southern region, Khon Kaen in the northeastern region, and Rayong in the eastern region. Moreover, Distribution Center and R&D Center have been built since 2012 in order to serve customers high-quality products all over the country on a timely manner.

Currently, ILINK starts expanding the market of distribution business to several neighboring countries such as Lao People's Democratic Republic, Republic of the Union of Myanmar, and Kingdom of Cambodia. In the future, the company will continuously tap into the markets of other Asian countries.

In order to promote sustainable growth for business, new executives took an advantage of being the biggest cabling importer and distributor to establish a subsidiary company named Interlink Telecom Public Company Limited: ITEL focusing on telecoms business. This business provides several services, including Data Service and Data Center, over fiber optic network which the company has been licensed through NBTC to widely install all over the country. ITEL focuses on rendering better services with SLA99.99% to Mobile and Internet Operators, Banks and Financial institutions, and Branch Offices.

Gaining strong reliability from the government sectors together with having an own professional engineering team, the company diversified engineering business bidding on the turnkey projects of Fiber Optic, Submarine Cable, Underground Cable, High Voltage Transmission Line, Substation etc. This business is operated under another subsidiary company named Interlink Power and Engineering Company Limited: IPOWER and mainly works on the huge projects from the government sectors.



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In summary, the operation results of ILINK, the parent company, have been reflected by 3 main businesses which are 1) **Distribution Business** that is the main source of group's revenue 2) **Telecoms Business** that rapidly grew and did the spin off creating an independent entity to be listed on the Market for Alternative Investment (MAI) under the name "ITEL" and 3) **Engineering Business** whose most projects are possessed by the government sectors. For the revenue contribution, the company emphasizes to increase parts of distribution and telecoms business which seem to have continuous growths in the future.

Analysis of Operation Results

1. Revenue

For the year ended December 31, 2018, company's total revenues were 5,369.87 Million Baht, increased from the year ended of 2017 by 1,118.86 Million Baht or approximately 26.32% as shown on the following table.

Revenues	December 31, 2018		December 31, 2017		%YoY
	Million Baht	%	Million Baht	%	
Revenues from Distribution Business	2,118.57	39.45	2,001.56	47.08	+5.58%
Revenues from Telecoms Business	1,566.16	29.17	1,049.42	24.69	+49.24%
Revenues from Engineering Business	1,622.41	30.21	1,151.13	27.08	+40.94%
Other Revenues	62.73	1.17	48.89	1.15	+28.30%
Total Revenues	5,369.87	100.00	4,251.00	100.00	+26.32%

2. Net Profit

For the year ended December 31, 2018, company's net profits were 314.5 Million Baht, increased from the year ended of 2017 by 245.02 Million Baht or approximately 352.23%.

Analysis of Financial Condition

1. Assets

As of December 31, 2018, company's total assets were 9,466.70 Million Baht, increased from the year ended December 31, 2017 by 2,337.08 Million Baht or approximately 32.78 %. Significant assets are account receivables, accrued revenues from project works, and fixed assets including equipment for telecoms network. As of December 31, 2018, the proportions of these significant assets to the total assets are 8.81%, 29.53%, and 42.11% respectively. Below is the list of significant changes in the company's total assets.



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- 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

2. Liabilities

As of December 31, 2018, company's total liabilities were 6,011.09 Million Baht, increased from the year ended December 31, 2017 by 2,059.82 Million Baht or approximately 52.13 %. 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 December 31, 2018, company's total shareholders' equities were 3,455.60 Million Baht, increased from the year ended December 31, 2017 by 277.25 Million Baht or approximately 8.72%. The increase resulted from net incomes which have been accumulated throughout 2018.

Analysis of Returns

1. Return on Equity (ROE)

Return on Equity (ROE) for the year ended December 31, 2018 is 9.48%, compared to 2.19% for 2017. The growth was approximately 334% as a result of increasing profits from three main businesses.

2. Return on Asset (ROA)

Return on Asset (ROA) for the year ended December 31, 2018 is 3.79%, compared to 1.09% for 2017. The increase was approximately 248% as it was impacted by the analyses mentioned earlier.

Yours sincerely,



(Mr. Sombat Anuntarumporn)
President and Managing Director