

**Executive Summary**

The company performance in the year 2017 depicts an outstanding growth compared to the year 2016. This is because the stimulus policy from the government in relation to telecommunication industry has given a positive impact towards the Company in being awarded by many new contracts and resulting in a favorable business performance throughout the year. The Company reports the total revenue of 958.52 million THB in 2017, increased by 387.56 million THB or 67.88% compared to the year 2016; whereby sales revenue of 2017 is at the amount of 956.85 million THB equivalent to 99.83% of total revenue and sales revenue in 2016 is reported at 569.77 million THB or equivalent to 99.79%. With regards to cost of sales and expenses for the year 2017, it is equivalent to 811.62 million THB or 84.67% of total revenue compared to last year at the amount of 484.13 Million THB or 84.79% which lies in the same direction for both years. Net profit shows a significant growth in 2017 in comparison to the previous year at 66.18 million THB or 6.90% of total revenue compared to 27.11 million THB or 4.75% of total revenue in 2016. This growth in net profit derived from the efficient cost controlling in both project and overheads side in 2017.

Considering the performance in the 4th quarter of 2017, the Company reports its total revenue at 357.61 million THB categorized into sale revenue at 356.90 million THB and other revenue at 0.70 million THB showing the growth rate of 54.07%, compared to total revenue of 232.11 million THB in the same period of 2016. Its cost of sales and expenses are at 328.40 Million THB or 91.83% of total revenue in Q4/2017 and at 210.68 million THB or 90.77% of total revenue in Q4/2016. The slight decline in gross margin incurred due to the recognition of project with lower gross margin in this quarter. Lastly, net profit is equivalent to 21.94 million THB or 6.13% of total revenue in Q4/ 2017 and equivalent to 16.26 million THB or 7.01% of total revenue in the previous year.

**1. Business Performance Analysis**

**1.1 Revenue**

For the year 2017 the Company reports its total revenue of 958.52 million THB with the growth of 67.88% compared to last year showing its total revenue of 570.96 million THB because the slowdown of investment from the state enterprises in last year has been picked up during the year 2017.

Type	2016		2017	
	MB	%	MB	%
1. Sales Revenue	569.77	99.79	956.85	99.83
2. Other Revenue*	1.19	0.21	1.67	0.17
<b>Total Revenue</b>	<b>570.96</b>	<b>100.00</b>	<b>958.52</b>	<b>100.00</b>

Remarks \*Other Revenue comprises of interest income, etc.

Total revenue can be categorized into sales revenue and other revenue, whereby in 2016 and of 2017, sales revenue is accounted for 99.79%, and 99.83% of total revenue and other revenue is equivalent to 0.21% and 0.17% respectively.

### Sales Revenue

Sales revenue in 2017 consists of turnkey business including telecommunication system and construction and electrical system, supply and maintenance.

Type	2016		2017	
	MB	%	MB	%
<b>Sales Revenue</b>				
<b>Sales Revenue from Turnkey Business</b>	<b>259.36</b>	<b>45.52</b>	<b>545.12</b>	<b>56.97</b>
- Sales Revenue from Telecommunication System	207.74	36.46	456.34	47.69
- Sales Revenue from Construction and Electrical System	51.62	9.06	88.78	9.28
<b>Sales Revenue from Supply and Maintenance</b>	<b>310.41</b>	<b>54.48</b>	<b>411.73</b>	<b>43.03</b>
- Sales Revenue from Supply of Telecommunication System	80.11	14.06	109.40	11.43
- Sales Revenue from Maintenance of Telecommunication System	230.30	40.42	302.33	31.60
<b>Total Sales Revenue</b>	<b>569.77</b>	<b>100.00</b>	<b>956.85</b>	<b>100.00</b>

In 2017, sales revenue from turnkey business and supply and maintenance are reported at 545.12 million THB and 411.73 million THB or proportionately at 56.97% and 43.03% of total sales revenue respectively. Sales revenue from turnkey business shows a growth rate of 110.18% compared to last year resulting from the customer investment has been revived in this year again after the slowdown in 2016. Moreover, the Company has been more capable in participating new major projects which are in correspondence to the stimulus policy from the government side. Sales revenue from supply and maintenance grows at 32.64% deriving from the strong capability of the Company to maintain its customer bases as well as new maintenance projects awarded to the Company.

### Other Revenue

In 2016 and of 2017, the Company reports its other revenue at 1.19 million THB and 1.67 million THB respectively, equivalent to 0.21% and 0.17% of total revenue and the major item is interest income.

## 1.2 Cost of Sales and Expenses

Major costs of the Company compose of cost of sales, selling expense, administrative expense and interest expense. In the year 2016 and 2017, the Company shows its cost of sales and expense at 535.02 million THB and 872.91 million THB respectively, proportionately at 93.71% and 91.07% of total revenue.

CoS and Expenses	2016		2017	
	MB	%	MB	%
Cost of Sales	484.13	84.79	811.61	84.67
Selling Expense	19.71	3.45	21.63	2.26
Administrative Expense	30.97	5.43	39.61	4.13
Finance Cost	0.22	0.04	0.06	0.01
<b>Total CoS and Expenses</b>	<b>535.02</b>	<b>93.71</b>	<b>872.91</b>	<b>91.07</b>
<b>Total Revenue</b>	<b>570.96</b>	<b>100.00</b>	<b>958.52</b>	<b>100.00</b>

**Cost of Sales**

Cost of sales in 2016 and of 2017 are 484.13 million THB and 811.61 million THB respectively, resulting in gross margin of 15.03% and 15.18%. Cost of sales can be broken down for turnkey business and for supply and maintenance of which mostly are materials, service / sub-contractors and project management costs.

Cost of Sales (CoS)	2016		2017	
	MB	GM (%)	MB	GM (%)
CoS for Turnkey Business	222.34	14.27	457.15	16.14
CoS for Supply and Maintenance	261.79	15.66	354.46	13.91
<b>Total CoS</b>	<b>484.13</b>	<b>15.03</b>	<b>811.61</b>	<b>15.18</b>

**Cost of Sales for Turnkey Business**

CoS for Turnkey business are 222.34 million THB in 2016 and 457.15 million THB in 2017 with the gross margin of 14.27% and 16.14% respectively. The increase of gross margin derived from the contract awarded with relatively high gross margin giving a positive result in overall picture.

**Cost of Sales for Supply and Maintenance**

The Company reports its cost of sales for supply and maintenance for 2016 and 2017 at 261.79 million THB and 354.46 million THB respectively with the gross margin 15.66% and 13.91%.

In 2017, the Company reports the decrease of gross margin at 13.91% resulting from lower margin in some supply orders awarded in the first quarter of 2017.

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### Selling Expenses

In 2016 and 2017, the Company reports its selling expenses at 19.71 million THB, and 21.63 million THB, equal to 3.45% and 2.26% of total revenue. Selling expenses consist of personnel related expenses, which are for instance salary, social security, provident fund, etc.

For 2017, selling expenses are increased by 9.78% compared to last year; mostly are personnel related expenses, because there is an allocation of personnel related expenses from Products and Solution members to the projects in Q1/2016 at the amount of 1.78 million THB. However, the proportion of selling expenses to total revenue is decreased from 3.45% to 2.26% due to the revenue growth in 2017.

### Administrative Expenses

The Company reports its administrative expenses at 30.97 million THB and 39.61 million THB in the year 2016 and of 2017 at the proportion 5.42% and 4.13% of total revenue respectively. Administrative expenses mostly comprise of personnel related expenses, office expenses and professional fees. Furthermore, in the 2017, there are a one-time effect expense of initial public offering at 2.19 million THB and tax written off expense at 4.44 million THB booked under this category. As a result, the administrative expenses are increased by 27.89% compared to 2016.

### Finance Cost

The Company reports its finance cost for the year 2016 and 2017 at 0.22 million THB and 0.06 million THB at the proportion of 0.04% and 0.01% of total revenue. Finance cost is interest expense after allocation to projects and bank fees.

## **1.3 Net Profit**

As a result of overall business performance, the Company reports its net profit for 2016 and 2017 at 27.11 million THB and 66.18 million THB respectively, accounted for 4.75% and 6.90% of total revenue. For the year 2017, the net profit is increased drastically compared to last year because its sales revenue is enormously increased and the efficient cost controlling.

## **2 Financial Status**

### **2.1 Assets**

At the end of 2016 and of 2017, the Company reports its total assets of 480.00 million THB and 971.26 million THB respectively. The major asset items are account receivables, unbilled receivables, inventories and restricted bank deposits; at the end of 2016 proportionately at 47.74%, 26.54%, 0.24% and 10.92% of total assets respectively and at the yearend 2017 proportionately at 31.72%, 14.79%, 15.31% and 13.28% of total assets. Additionally, in September 2017 the Company has registered to the Stock Exchange of Thailand (MAI) for raising fund resulting in cash and cash equivalent in the proportion of 19.40 % of total assets at the yearend 2017.

**Trade Receivables**

At the end of 2016 and of 2017, the Company reports net trade receivables 229.00 million THB and 307.55 million THB or equal to 47.71% and 31.67% of total assets respectively.

Outstanding Period	At 31 Dec. 2016		At 31 Dec. 2017	
	MB	%	MB	%
<b><u>Trade Receivables</u></b>				
Undue	90.43	39.49	171.60	55.80
Overdue				
Less - equal to 3 months	102.29	44.67	69.91	22.73
More than 3 months but less than 6 months	35.63	15.56	42.09	13.69
More than 6 months but less than 12 months	0.11	0.05	23.95	7.78
More than 12 months	0.54	0.23	-	-
<b>Total Trade Receivables</b>	<b>229.00</b>	<b>100.00</b>	<b>307.55</b>	<b>100.00</b>
<b>Deduct Allowance for doubtful debt</b>	-		-	
<b>Trade Receivables - Net</b>	<b>229.00</b>		<b>307.55</b>	

The table depicts trade receivables of the Company in the year 2016 with undue and overdue less or equal to 3 months is at 84.16% of Net trade receivables.

At the yearend 2017, the Company reports the undue trade receivables, overdue with less or equal to 3 months, overdue for 3 to 6 months and overdue between 6 to 12 months at 55.80%, 22.73%, 13.69% and 7.78% of total trade receivables. Trade receivables are regarded as debtors to whom the bill placement has been proceeded according to the billing plan; however, they are still under the process of customer acceptance and final document review before customer payment or under contract amendment for collection in the next stage.

**Unbilled Receivables**

Due to its turnkey business, the revenue recognition is performed based on percentage of completion method which may deviate from the payment plan according to the contractual conditions. As a result, unbilled receivables are reported at the end of 2016 and of 2017 at 127.41 million THB and 143.67 million THB or equivalent to 26.54% and 14.79% of total assets respectively.

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### **Inventories**

At the end of 2016 and of 2017, the Company reports the inventories at 1.15 million THB and 148.75 million THB in conjunction to the computation based on percentage of completion method. At the end of 2017, inventories are reported with drastic increase in comparison to last year due to the equipment is delivered to the project sites for certain projects; however, the installation cannot be performed. The equipment is therefore reported as inventories at this stage. These can be recognized as revenue once the installation and commissioning are conducted in relation to work progress.

### **Other Current Assets**

Other current assets comprises of advance payment, undue VAT, A/R Revenue Department, withholding tax, etc. At the yearend 2016 and of 2017, the Company reports other current assets in the amount of 7.81 million THB and 24.15 Million THB respectively. Other current assets at the end of 2017 are increased by the increase in tax i.e. undue VAT at 7.55 million THB and A/R revenue department at 11.67 million THB.

### **Restricted Bank Deposits**

At the yearend 2016 and 2017, the amount of restricted bank deposits are at 52.41 million THB and 128.96 million THB respectively. The change is subject to the credit facilities required for operating the business.

### **Office Improvement and Equipment**

At the yearend 2016 and 2017, the amount of fixed assets are at 3.22 million THB and 5.24 million THB respectively of which are basically the office improvement, office supplies, vehicles and computer equipment because the main company business is system integration and does not require any big fixed asset items.

## **2.2 Sources of Fund**

### **Liabilities**

The Company reports its liabilities at 314.89 million THB at the yearend 2016 and 474.92 million at the end of 2017 and the major items are account payables which are regarded as working capital for running the business.

Most of the liabilities are current liabilities with its proportion as at 2016 and at 2017 at 98.93% and 98.63% of total liabilities respectively.

### **Trade and Other Payables**

The Company reports its trade and other payables at the end 2016 and 2017 at 166.42 million THB and 372.64 million THB respectively and this shall vary in relation to the company business performance and cost of sales.

Trade and Other Payables	At 31 Dec. 2016		At 31 Dec. 2017	
	MB	%	MB	%
Trade Payables	144.94	87.10	352.95	94.72
Other Payables	0.06	0.04	1.05	0.28
Accrued Interest	1.62	0.97	-	-
Trade Payables - Retention	2.10	1.26	1.88	0.50
Accrued Expenses	17.69	10.63	16.76	4.50
<b>Total Trade and Other Payables</b>	<b>166.42</b>	<b>100.00</b>	<b>372.64</b>	<b>100.00</b>

The major trade and other payables are trade payables, mostly for equipment, service and sub-contractors costs in projects.

#### **Unbilled Payables**

Unbilled payables incur when the invoice from vendors are not placed when recognizing its revenue in the project and the company reports accrued costs at the end of 2016 and 2017 at 47.11 million THB and 35.89 million THB respectively.

#### **Advance Receipts from Customers**

Advance receipts from customers take place when the Company can invoice and collect the customer payment based on the invoicing plan. Mostly they will incur when collecting the money shortly after signing the contract. At the end of 2016 and 2017, the amount reported are 25.64 million THB and 40.63 million THB respectively.

#### **Shareholders' Equity**

The shareholders' equity is in the amount of 165.10 million THB at the yearend of 2016 and of 496.34 million THB at the end of 2017 which has constantly increased corresponding to the business result. In April 2017, a registered capital was increased by 50 million THB for issuing 100 million shares at the price of 0.50 Baht to the existing shareholders. Later in September 2017, the initial public offering was conducted for 120,000,000 shares with its price 1.84 Baht per share whereby the share premium was reported at 155.06 million THB.

#### **Funding Structure**

D/E ratio of the Company is at 1.91, and 0.96 for the yearend 2016 and 2017 respectively.