

Ref.: SKY_SC61/079

August 10, 2018

Subject Management's Discussion Analysis for the 2nd quarter of 2018
To President
The Stock Exchange of Thailand
Enclosed A copy of the financial statement ended June 30, 2018 (1 set)

Sky ICT Public Company Limited ("the Company") would like to submit the financial statement for the 2nd quarter period ended June 30, 2018 which is reviewed by the Auditor. The information will be useful for investors and those who are interested in. The operational performance of the Company for the 2nd quarter period ended June 30, 2018 and 2017 are as follows:

Executive Summary

For the performance of Q2/2018, the Company's Profit attributable to owners of the parent company is 48.18 million baht which increased 54.15 million baht or 906.48% comparing to Q2/2017 due to revenue recognition from the backlog projects in 2017 and revenue from selling goods and services delivered in Q2/2018 including the Share of profit from an associate company, Turnkey Communication Service Co., Ltd, at the amount of 49.40 million baht in this quarter.

Performances of the three-month period ended June 30, 2018 and 2017

1. Total Revenues

Revenue	Amount (million baht)		Increase (Decrease)	
	Q2/2018	Q2/2017	Million Baht	%
Revenue from sales and services	217.60	14.02	203.58	1,452.07
Revenue from finance lease contracts	10.57	7.45	3.12	41.88
Total Revenues	228.17	21.47	206.70	962.74

In Q2/2018, total revenue increased 206.70 million baht or 962.74% comparing to the same quarter of last year. The increasing of revenues are mainly from the partial revenue recognition from project submission of Mobile network and high-speed internet service in border area, service revenue from Passenger luggage trolleys at Suvarnabhumi airport project, and a full submission from Development FMC center of Department of Fisheries phase 2 project, the contract of all these 3 projects were signed in 2017. Moreover, the Company has delivered products and equipment to private customers, the equipment were for IP access network project and Mobile network and high-speed internet service in border area project.

In addition, Sales revenue of 4.70 million baht was recognized from Gfin (Thailand) Company Limited which is the subsidiary of the Company.

2. Total Costs

Cost	Amount (million baht)		Increase (Decrease)	
	Q2/2018	Q2/2017	Million Baht	%
Costs of sales and services	194.81	11.92	182.89	1,534.31
Cost of sales from finance lease contracts	2.85	1.20	1.65	137.50
Total costs	197.66	13.12	184.54	1,406.55
Gross profit	30.51	8.35	22.59	238.54
Gross profit ratio (%)	13.37%	38.89%		

In Q2/2018, the total costs of 197.66 million baht, increased by 184.54 million baht or 1,406.55% in which the increase was resulted from the increment of total revenues.

Gross profit ratio was decreased from the same period in last year as the products sold to private customer sector have few margin.

3. Expenses

Expense	Amount (million baht)		Increase (Decrease)	
	Q2/2018	Q2/2017	Million Baht	%
Selling expenses	9.52	2.23	7.29	326.91
Administrative expenses	22.43	13.46	8.97	66.64
Financial costs	2.23	0.25	1.98	792.00
Total expenses	34.18	15.94	18.24	114.43

In Q2/2018, the total expenses were higher than the prior year expenses in the amounting of 18.24 million baht or 114.43%. The main reason of the increase was from the increment of compensation costs from the Company's restructuring last year, and from the new headcount recruitment by subsidiary company that the company invested in October 2017, including the expenses from office relocation to support expansion of the business and the increase of employee in July 2017.

4. Share of profit from associated company

In Q2/2018, the Company recognized 49.40 million baht which was accounted for 34% of 145 million baht of Q2/2018 net profit of Turnkey Communication Service Co., Ltd.

5. Net profit (loss)

In Q2/2018, the Company realized 0.2 million baht of net loss from subsidiary company, however, the Company has growth in total revenues and share of profit from associated company as mentioned above, therefore, the Company's net profit in this quarter is 48.18 million baht with the growth of 54.15 million baht or 906.48% comparing to the same period in 2017.

Please be informed accordingly.

Sincerely Yours,

(MISS KULNADA ORANRAKTHAM)
Director

Corporate Secretary
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