

No. IFS 057/2562

7 October 2019

Subject Management Discussion and Analysis of the 2nd Quarter 2019 Operating Results

Dear Governors and President

Market for Alternative Investment (mai)

Infraset Public Company Limited (the "Company") hereby submitted the Management Discussion and Analysis of the 2nd Quarter 2019, ending 30 June 2019. Details are as follows:

Operating Results

Overview

For the 3-month periods ending 30 June 2018 and 2019, the Company's revenues were 195.35 million Baht and 322.06 million Baht respectively. The main revenues were from Data Center & Information Technology Infrastructure Business, followed by the revenues from Telecommunications Infrastructure Business. The gross profit margins for the periods were 10.99% and 16.10% respectively. Sales and Administration expenses were 9.11 million Baht and 17.79 million Baht respectively. The expenses increased in line with the number of employees to support business expansion. The Company's net profits were 10.21 million Baht, and 27.40 million Baht respectively.

Data Center & Information Technology Infrastructure Business

For the 3-month periods ending 30 June 2018 and 2019, the Company's revenues from Data Center & Information Technology Infrastructure Business were 160.39 million Baht and 290.40 million Baht respectively. The corresponding gross profits were 23.39 million Baht and 55.59 million Baht with 14.58% and 19.14% gross profit margins respectively. In 2019, the Company's revenues and gross profits from the business increased mainly from the data center construction projects and USO (Phase 2) project, resulting in higher gross profit margin than the same period in 2018.

Telecommunications Infrastructure Business

For the 3-month periods ending 30 June 2018 and 2019, the Company's revenues from Telecommunications Infrastructure Business were 33.48 million Baht and 29.46 million Baht respectively. The corresponding gross profits were 7.47 million Baht and 8.18 million Baht with 22.31% and 27.77% gross profit margins respectively. The Company has steady income from the business with the main transactions from the transmission tower and cable network installation for TRUE and CAT for instance.

Maintenance and Service Business

For the 3-month periods ending 30 June 2018 and 2019, the Company's revenues from Maintenance and Service Business were 1.00 million Baht and 1.62 million Baht respectively. The revenues from Maintenance and Service can be divided into revenues from preventive maintenance (PM) and revenues from corrective maintenance (CM).

Other revenues

For the 3-month periods ending 30 June 2018 and 2019, the Company's other revenues were 0.48 million Baht and 0.58 million Baht respectively. Most of these revenues were from the interests received from bank deposits.

Personnel expenses

For the 3-month periods ending 30 June 2018 and 2019, the Company's personnel expenses were 8.86 million Baht and 12.12 million Baht respectively. The expenses were the salaries and related expenses of the employees in project management and service department. Beginning in 2017, the Company has recorded the incentive expenses under personnel expenses. The incentives are paid to the employees of project management department on the project completion and payment collection and had been recorded under selling expenses.

Selling expenses

For the 3-month periods ending 30 June 2018 and 2019, the Company's selling expenses were 0.87 million Baht and 2.11 million Baht respectively. The Company's selling expenses included the compensations of the employees in sales department, entertainment expenses, commissions, and other selling expenses such as New Year gifts and advertisement etc.

Administrative expenses

For the 3-month periods ending 30 June 2018 and 2019, the Company's administrative expenses were 8.24 million Baht and 15.68 million Baht respectively. The main expenses were the compensations for administrative employees such as salaries, bonuses, and other benefits. The expenses have increased in line with growing number of employees to support business growth and special remuneration for the executive committees.

Net Profits

For the 3-month periods ending 30 June 2018 and 2019, the Company's net profits were 10.21 million Baht and 27.40 million Baht respectively. The corresponding net profit margins were 5.23% and 8.51% respectively. The net profits increased with rising revenues in each period. The Company's net profit margin was higher than the same period in 2018 because of lower gross margin of USO (Phase 1) project.

Please be informed accordingly.

Yours sincerely,

.....
(Mr. Sakbaworn Pukkanasut)
Managing Director