

No. INSET 007/2563

24 February 2020

Subject Management Discussion and Analysis of the Year 2019 Operating Results, Ending 31 December 2019

Dear Governors and President

Market for Alternative Investment (mai)

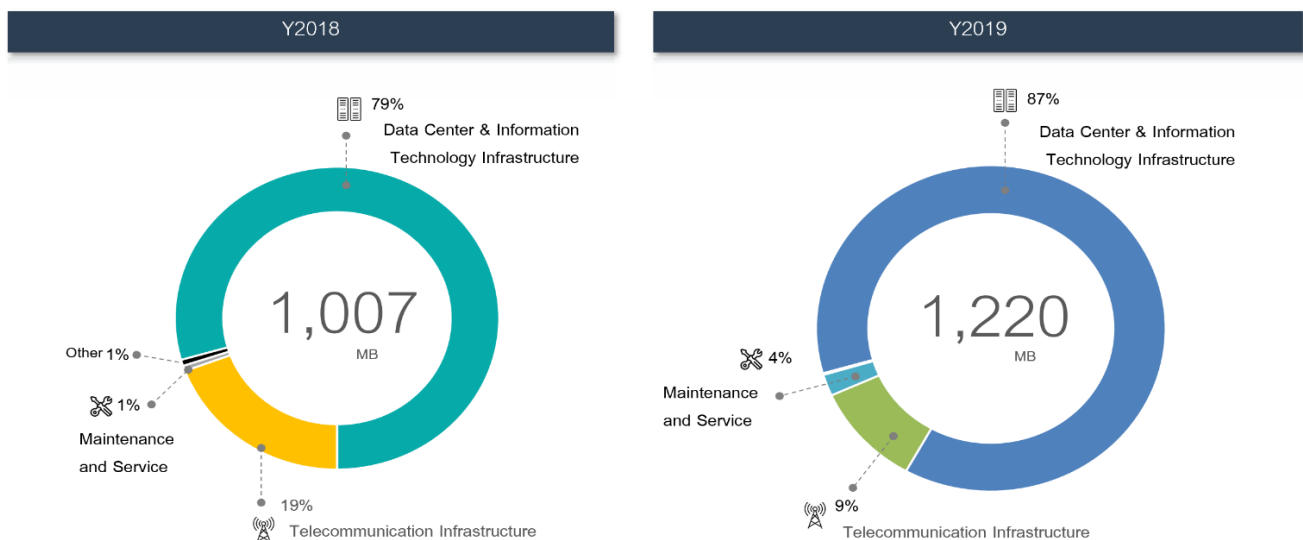
Infraset Public Company Limited (the "Company") hereby submitted the Management Discussion and Analysis of the year 2019 operating results, ending 31 December 2019. Details are as follows:

Operating Results

Overview

For the year ending 31 December 2018 and 2019, the Company's revenues were 1,007.13 million Baht and 1,219.97 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 17.43% and 17.49% respectively. The increase in revenue in 2019 compared with last year was due to the delivery of projects that have due date of contracts in 2019 such as USO (Phase 2), Cable Landing Station and CAT-IDC. In addition, the revenue from maintenance and service highly increased from 2018 due to revenue recognition of MA USO (Phase 1) since Q3/62 and maintenance service for MRT Blue Line Project.

Selling and administrative expenses were 60.48 million Baht and 67.49 million Baht respectively. The expenses increased in line with the number of employees to support business expansion. The Company's net profits were 94.55 million Baht, and 120.12 million Baht respectively.



Data Center & Information Technology Infrastructure Business

For the year ending 31 December 2018 and 2019, the Company's revenues from Data Center & Information Technology Infrastructure Business were 800.03 million Baht and 1,059.23 million Baht respectively. The corresponding gross profits were 138.44 million Baht and 215.58 million Baht respectively. In 2019, the Company's revenues and gross profits from the business increased mainly from the data center construction projects including TRUE IDC (Phase 2), Cable Landing Station and CAT-IDC and USO Phase 1 and 2 project.

Telecommunications Infrastructure Business

For the year ending 31 December 2018 and 2019, the Company's revenues from Telecommunications Infrastructure Business were 194.86 million Baht and 110.44 million Baht respectively. The corresponding gross profits were 79.84 million Baht and 30.64 million Baht respectively. Revenue recognition in 2019 mainly came from CAT Collocate Tower Project, OFC ICONSIAM, True Coverage Expansion, Underground Electricity System - Nirvana (Rama9-Krungthep Kreetha). However, the revenue from the business decreased as in 2018 the delivery units of Transmission Tower Installation and Cable Network System in accordance with contract terms were high.

Maintenance and Service Business

For the year ending 31 December 2018 and 2019, the Company's revenues from Maintenance and Service Business were 5.69 million Baht and 46.95 million Baht respectively. In 2019, the revenue from the business increased since the revenue recognition of Maintenance and Service of USO (Phase 1) have started in Q3/2562, with total contract value of 320 million Baht and contract period of 5 years

Other revenues

For the year ending 31 December 2018 and 2019, the Company's other revenues were 6.55 million Baht and 3.35 million Baht respectively. Most of these revenues were from the interests received from bank deposits and unrealized gain on investment revaluation at the reporting date. However, other revenues in 2018 caused by the gain from the transfer of rights and obligations in the land purchase and sale agreement in the amount of 5.34 million Baht.

Personnel expenses

For the year ending 31 December 2018 and 2019, the Company's personnel expenses were 41.78 million Baht and 47.18 million Baht respectively. The expenses were comprised of the salaries, bonuses, related expenses of the employees, and incentives of Project Management and Service Department. The expenses increased in line with the number of employees. In 2019, the number of employees in Project Management and Service Department were 105 staff, increasing from last year which were 80 staff

Selling expenses

For the year ending 31 December 2018 and 2019, the Company's selling expenses were 4.16 million Baht and 9.94 million Baht respectively. The expenses increased in line with the number of sales and marketing staff resulting to the increase of sales compensations and commissions.

Administrative expenses

For the year ending 31 December 2018 and 2019, the Company's administrative expenses were 56.32 million Baht and 57.55 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. In addition, in the year 2019, the Company had the additional expenses from 2018, such as branch office rental, and depreciation of the new office building.

Net Profits

For the year ending 31 December 2018 and 2019, the Company's net profits were 94.55 million Baht and 120.12 million Baht respectively. The corresponding net profit margins were 9.39% and 9.85% respectively. The net profits increased with rising revenues in each year. The Company's net profit margin in 2019 was higher than 2018 due to a 22% higher gross profit margin; while, selling and administrative expenses only increased by 10.39%.

Please be informed accordingly.

Yours sincerely,

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(Mr. Sakboworn Pukkanasut)
Managing Director