



## INTERLINK COMMUNICATION PUBLIC COMPANY LIMITED

48 Interlink Building, Ratchadapisek Road, Huay khwang, Bangkok 10310  
Tel : 0-2666-1111 (100 lines) Fax : 0-2666-1199  
http://www.interlink.co.th E-mail : info@interlink.co.th

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Topic Management's Discussion and Analysis for the First Quarter Ended March 31, 2019

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 has more than 15,000 dealers selling our products to the end users who are from both public and private sectors. Furthermore, the company 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

##### 1.1 Revenues from Distribution Business

Revenues from distribution business result from importing and distributing cabling products. For the three-month period ended March 31, 2019, revenues were 539.29 Million Baht, increased from the three-month period ended March 31, 2018 by 16.37 Million Baht or approximately 3.13%

##### 1.2 Revenues from Telecoms Business

Revenues from telecoms business result from rendering several services which are Data Service, Data Center, and Network Installation. For the three-month period ended March 31, 2019, revenues were 448.01 Million Baht, increased from the three-month period ended March 31, 2018 by 87.08 Million Baht or approximately 24.13%

##### 1.3 Revenues from Engineering Business

Revenues from engineering business result from working on the megaprojects based on agreements. For the three-month period ended March 31, 2019, revenues were 160.78 Million Baht, decreased from the three-month period ended March 31, 2018 by 288.49 Million Baht or approximately 64.21%. The significant variation was directly affected by a change in accounting policy. Since January 1, 2019, the company has adopted TFRS 15: Revenue from Contracts with Customers including the requirements of this new revenue accounting standard.

Therefore, for the three-month period ended March 31, 2019, company's total revenues were 1,157.50 Million Baht. The growth of revenues from distribution and telecoms business contributed up to 85.30 percent of total revenue achieving the company goals. According to a change in accounting policy; however, the company needs to change the way of recognizing revenues from engineering business so that the total revenue compared to the three-month period ended March 31, 2018 decreased by 180.01 Million Baht or approximately 13.46% as shown on the following table.



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Revenues	March 31, 2019		March 31, 2018		Increase/(Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from Distribution Business	539.29	46.59	522.92	39.10	16.37	3.13
Revenues from Telecoms Business	448.01	38.71	360.93	26.99	87.08	24.13
Revenues from Engineering Business	160.78	13.89	449.27	33.59	(288.49)	(64.21)
Other Revenues	9.42	0.81	4.39	0.32	5.03	114.58
<b>Total Revenues</b>	<b>1,157.50</b>	<b>100.00</b>	<b>1,337.51</b>	<b>100.00</b>	<b>(180.01)</b>	<b>(13.46)</b>

### 2. Costs and Expenses

For the three-month period ended March 31, 2019, Distribution business's costs of sales were 396.36 Million Baht, decreased from the three-month period ended March 31, 2018 by 10.06 Million Baht or approximately 2.48% thanks to the achievement of cost efficiency policy that has been launched since the end of second quarter last year. Furthermore, for the three-month period ended March 31, 2019, costs of engineering business were 156.21 Million Baht, decreased from the three-month period ended March 31, 2018 by 276.21 Million Baht or approximately 63.87%. This major decline in costs of engineering business, same direction as revenues from engineering business, is the effect from a change in accounting policy mentioned earlier.

### 3. Net Profit

Considering net profit of the Interlink Group from actual operation, excluding unrealized loss on exchange rate amounting to 48.18 Million Baht (Net Tax is 38.54 Million Baht), total net profit for the three-month period ended March 31, 2019 was 87.46 Million Baht, increased from the three-month period ended March 31, 2018 by 17.64 Million Baht or approximately 25.27% as a result of growths in both distribution and telecoms business together with the effective cost controls.

### Analysis of Financial Condition

#### 1. Assets

As of March 31, 2019, company's total assets were 9,878.67 Million Baht, increased from the year ended December 31, 2018 by 411.97 Million Baht or approximately 4.35%. Significant assets are account receivables, accrued revenues from Engineering Business, and fixed assets including equipment for telecoms network. As of March 31, 2019, the proportions of these significant assets to the total assets are 10.28%, 25.27%, and 41.96% 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) Work in process increased due to the partially finished projects waiting for completion
- 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 March 31, 2019, company's total liabilities were 6,448.89 Million Baht, increased from the year ended December 31, 2018 by 437.80 Million Baht or approximately 7.28%. The increase was mainly impacted by loans from financial institutions used to invest in the project works and to expand the telecoms network, unearned revenue based on the construction agreement etc.

### 3. Shareholders' Equity

As of March 31, 2019, company's total shareholders' equities were 3,429.78 Million Baht, decreased from the year ended December 31, 2018 by 25.82 Million Baht or approximately 0.75%. The slight decrease resulted from accumulated net incomes.

### Analysis of Returns

#### 1. Return on Equity

Return on Equity (ROE) for the first quarter ended March 31, 2019 is 1.42%

#### 2. Return on Asset

Return on Asset (ROA) for the first quarter ended March 31, 2019 is 0.51%

Yours sincerely,



(Mr. Sombat Anuntarumporn)  
President and Managing Director