



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

ที่ AC. 610/62/VA

13 November 2019

Topic Management's Discussion and Analysis for the Third Quarter Ended September 30, 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



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subsidiary company named Interlink Power and Engineering Company Limited: IPOWEE and mainly works on the huge projects from the government sectors.

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

For the three-month period ended September 30, 2019, company's total revenues were 1,835.04 Million Baht, increased from the three-month period ended September 30, 2018 by 448.77 Million Baht or approximately 32.37% as shown on the following table.

Revenues	September 30, 2019		September 30, 2018		Increase/(Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from Distribution Business	624.58	34.04	583.55	42.10	41.03	7.03
Revenues from Telecoms Business	745.47	40.62	413.57	29.83	331.90	80.25
Revenues from Engineering Business	457.70	24.94	382.83	27.62	74.86	19.56
Other Revenues	7.29	0.40	6.30	0.45	0.98	15.59
Total Revenues	1,835.04	100.00	1,386.26	100.00	448.77	32.37

1.1 Revenues from Distribution Business

Revenues from distribution business result from importing and distributing cabling products including networking equipment and server rack (19" Rack). For the three-month period ended September 30, 2019, revenues were 624.58 Million Baht, increased from the three-month period ended September 30, 2018 by 41.03 Million Baht or



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approximately 7.03%. This growth mainly resulted from the sales of UTP cables and server rack (19" Rack) that is in line with the 5-7% seasonal growth of revenues from distribution business for this year.

1.2 Revenues from Telecoms Business

Revenues from telecoms business result from rendering several services which are Data Service, Network Installation, and Data Center. For the three-month period ended September 30, 2019, revenues were 745.47 Million Baht, increased from the three-month period ended September 30, 2018 by 331.90 Million Baht or approximately 80.25%. This significant improvement resulted from providing network installation to customers. The major projects of this period are such as the project of providing high-speed internet service in remote area (USO Phase 2) which recognized revenue of Baht 412.49 million, and the project in contractor of communication system for DMS which recognized revenue of Baht 32.04 million.

1.3 Revenues from Engineering Business

Revenues from engineering business result from working on electrical engineering projects as well as special projects based on agreements. For the three-month period ended September 30, 2019, revenues based on the new accounting standard "TFRS 15: Revenue from Contracts with Customers" were 457.70 Million Baht, increased from the three-month period ended September 30, 2018 by 74.86 Million Baht or approximately 19.56%. This growth mainly resulted from revenues recognized by the Project CC4: Purchase and Installation of Automatic People Mover to the Airports of Thailand.

2. Costs and Expenses

For the three-month period ended September 30, 2019, Distribution business's costs of sales were 458.72 Million Baht, increased from the three-month period ended September 30, 2018 by 8.17 Million Baht or approximately 1.81% thanks to the achievement of cost efficiency policy that has been launched since the end of second quarter last year when compared to the revenue from the Distribution business, which increased by 7.03%. Furthermore, for the three-month period ended September 30, 2019, costs of engineering business were 483.48 Million Baht, increased from the three-month period ended September 30, 2018 by 120.91 Million Baht or approximately 33.35%. The increase in costs of engineering business is in the same direction as revenues from engineering business.

3. Net Profit

For the three-month period ended September 30, 2019, company's total net profit were 81.80 Million Baht, excluding unrealized loss on exchange rate amounting to 49.70 Million Baht (After tax amount is 39.76 Million Baht).



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The current total net profit decreased from the three-month period ended September 30, 2018 by 8.23 Million Baht or approximately 9.14%. The decline was directly affected by costs and expenses of engineering projects as well as the finance cost which increased by 13.62 Million Baht.

Analysis of Financial Condition

1. Assets

As of September 30, 2019, company's total assets were 10,668.86 Million Baht, increased from the year ended December 31, 2018 by 1,202.16 Million Baht or approximately 12.70%. Significant assets are account receivables, accrued revenues, and fixed assets including equipment for telecoms network. As of September 30, 2019, the proportions of these significant assets to the total assets are 12.93%, 23.24%, and 39.49% respectively. Below is the list of significant changes in the company's total assets.

- 1) Account receivable mainly increased from engineering business. For the second quarter ended June 30, 2019, there are billing process of CC3 project, advanced payment for APM project, and increasing deposit account receivable
- 2) Accrued revenues from both telecom and engineering business increased in the same direction with a number of winning projects
- 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 September 30, 2019, company's total liabilities were 7,250.30 Million Baht, increased from the year ended December 31, 2018 by 1,239.21 Million Baht or approximately 20.62%. The increase was mainly impacted by short-term and long-term 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 September 30, 2019, company's total shareholders' equities were 3,418.57 Million Baht, decreased from the year ended December 31, 2018 by 37.03 Million Baht or approximately 1.07%. The slight decrease resulted from accumulated net incomes.



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Analysis of Returns

1. Return on Equity

Return on Equity (ROE) for the first quarter ended September 30, 2019 is 5.30%

2. Return on Asset

Return on Asset (ROA) for the first quarter ended September 30, 2019 is 1.81%

Analysis of Stock Price

1. Stock Price

Stock price as at September 30, 2019 is 4.76 Baht, compared to the stock price as at December 28, 2018 is 4.08 Baht, increased by 0.68 Baht or approximately 16.67%.

2. P/E Ratio

P/E Ratio as at September 30, 2019 is 12.88 times, while P/E Ratio as at December 28, 2018 is 24.64 times

Please be informed accordingly.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "SIA" followed by a long horizontal stroke.

(Mr. Sombat Anuntarumporn)
President and Managing Director

