

INET ACC 0169 / 2017

February 27, 2017

Subject : Clarification on results of business operations for the year 2016

To : The President The Stock Exchange of Thailand

Internet Thailand Public Company Limited ("INET") would like to submit its audited consolidated financial statements and separate financial statements for the year ended December 31, 2016. We would like to clarify the reasons why the operation result of the Company and its subsidiaries ("the Company") of the year 2016 increased more than 20% compared to the year 2015. The clarifications are as follows:

#### 1. Overall Performance

Total revenues for the Company and its subsidiaries in 2016 were amounting to Baht 1,001.36 million, increased by Baht 377.32 million or 40.58% from 2015 due to the total revenues from services and sales for the Company at Baht 857.51 million increase by Baht 247.55 million or 40.58% from 2015 that main revenues increase from Cloud services 50%, Internet access services 18% and Co-Location services 17%, respectively. And other revenue in 2016 amounting to Baht 143.85 million, it has increased Baht 129.78 million or 921.97% from 2015 due to the fact that selling the associated stocks, Netbay Public Company Limited. As the result the ratio of shareholding stocks remain 15.30%

Cost of services and cost of sales were amounting to Baht 661.02 million in 2016, increased from Baht 450.35 million in 2015 by Baht 210.67 million or 46.78%. Costs of services were proportional to revenue growth and were mainly attributed to depreciation resulting from recognition of completed projects as asset. Gross profit margin in 2016 equal to 22.91% which was decreased from 26.17% recorded in 2015.

Selling and administrative expenses in 2016 amounting to Baht 229.59 million, increase from Baht 120.31 million in 2015 by Baht 109.27 million or 90.82 %. In the second half, the company focused on investment in the personnel expenses for supporting the expansion in 2017 and the management of the Company considers to set allowance for impairment of the network equipment. And Finance costs totaled Baht 29.70 million, increased by Baht 6.11 million or 25.89% from 2015 due to interest from financial lease agreements.

Net profit in 2016 amounting to Baht 84.37 million, increased from Baht 39.11 million in 2015 by Baht 45.26 million or 115.71% due to the revenue from services and sales increased and the selling the associated stocks, Netbay Public Company Limited with a net profit margin 9.59% of total revenue.

## 2. Financial Status

As at December 31, 2016, the Company's total assets were amounting to Baht 2,588.72 million increased by Baht 1,404.77 million or 118.65 % from December 31, 2015. The main result is cash and cash equivalents received from increasing in stock capital and leasehold improvements.

Total liabilities of Baht 1,236.15 million, increased by Baht 553.96 million or 81.20% from December 31, 2015 which was caused mainly by increase in liability under financial lease agreements.

Shareholders' equity as of December 31, 2016 were Baht 1,352.57 million, growing by Baht 850.81 million or 170% from December 2015 due to the increasing of registered capital and book value per share was Baht 2.70 (Par value per share was Baht 1).

Best regards,



Mrs. Morragot Kulatumyotin

Managing Director



บริษัท อินเทอร์เน็ตประเทศไทย จำกัด (มหาชน)  
Internet Thailand Public Company Limited