

INET ACC. 0253/2018

February 27, 2018

Subject: Management's Discussion and Analysis for the year 2017

To: The President of The Stock Exchange of Thailand

Enclosure: 1. A Set of the Management's Discussion and Analysis for the year 2017
(Thai / English) one copy for each version

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, 2017.

The operation result of the Company and its subsidiaries ("the Company") for the year 2017 amounting to Baht 375.54 million, increased 345.12% compared from the year 2016. Please see further details in the Management's Discussion and Analysis for the year 2017 as attached.

Best regards,

Mrs. Morragot Kulatumyotin

Managing Director

1. CONSOLIDATED RESULTS OF OPERATIONS

The consolidated financial statement for the year 2017 compared with the results of consolidated financial statement for the year 2016.

Unit : Million Baht

Description	Y 2016	Y 2017	% YoY
Revenue from Service and Sales	857.51	988.45	15.27%
Cost of Service and Sales	(661.02)	(739.33)	11.85%
Gross Profit	196.49	249.12	26.79%
Other Revenue	143.85	553.04	284.45%
Selling and Administrative Expenses	(229.59)	(331.49)	44.38%
Finance Cost	(29.70)	(32.14)	8.21%
Share of loss from investment in joint venture	(0.04)	(0.56)	1328.44%
Share of profit from investment in associated company	19.32	4.58	-76.31%
Profit before Income Tax	100.34	442.56	341.06%
Income Tax Expense	(15.97)	(67.01)	319.58%
Net Profit	84.37	375.54	345.12%

Total Revenue from sales and services

Total revenues for the Company and its subsidiaries in 2017 were amounting to Baht 1,541.49 million, increased by Baht 540.13 million or 53.94 % from 2016 due to the total revenues from services and sales for the Company at Baht 988.45 million increase by Baht 130.94 million or 15.27 % from 2016 that main revenues increase from Co-Location 27%, Internet Access services 26.35% and EDC Network services 25.45%, respectively.

Services	Y 2559 (Million Baht)	Y 2560 (Million Baht)	% YoY growth
Co-Location	146.03	185.28	27.00%
Internet Access	152.65	212.78	26.35%
EDC Network Pool	27.82	34.90	25.45%
Cloud Solutions	429.59	480.84	11.93%
Software Service & Others	101.42	74.65	-26.40%
Total	857.51	988.45	15.27%

And other revenue in 2017 amounting to Baht 553.04 million, increased by Baht 409.19 million or 284.45% from 2016 due to the fact that selling the associated stocks, NETBAY Public Company Limited.

Cost of sales and services

Cost of services and sales for 2017 amounting to Baht 739.33 million, increased by Baht 78.31 million or 11.85 % from 2016. Costs of services were proportional to revenue growth and were mainly attributed to depreciation resulting from recognition of completed projects as asset.

Selling and Administrative Expense

Selling and administrative expenses in 2017 amounting to Baht 331.49 million increased by Baht 101.9 million or 44.38% from 2016. Due to the company set reserve for personnel expenses and focused on investment in the personnel expenses for supporting the expansion. And Finance costs totaled Baht 32.14 million, increased by Baht 2.44 million or 8.21% from 2016. Due to the interest from financial lease agreements increased.

Gross Profit and Net Profit

Gross profit margin for 2017 equal to 25.20 %, which was increased from 22.91% recorded in 2016. Net profit for 2017 amounting to Baht 375.54 million, increased by Baht 291.18 million or 345.12%. As a result, the company's revenue has grown steadily and the company recorded gain on sales of investments in associates and available-for-sale securities. And Net Profit Margin equal to 24.36% of total revenue.

Management Discussion and Analysis

2. Financial Position

Assets

As at December 31, 2017, the Company's total assets were amounting to Baht 4,206.24 million increased by Baht 1,617.51 million or 62.48% from December 31, 2016. Due to the main cause was the company had the increase in Leasehold improvements and equipment and investments in available-for-sale securities.

Liabilities and Equity

Liabilities

Total liabilities of Baht 2,309.92 million, increased by Baht 1,073.77 million or 86.86% from December 31, 2016 due to the main reason is the increase in long-term loans from financial institutions.

Total Equity

Shareholders' equity as of December 31, 2017 were Baht 1,896.32 million, increased by Baht 543.75 million or 40.20% from December 2016 due to the increasing of retained earnings and book value per share was Baht 3.79 (Par value per share was Baht 1).