



Management's Discussion and Analyst (MD&A) and Operating Results for 2Q2019

Internet Thailand Public Company Limited and its subsidiaries

Business Overview

Industry and Competition Tendency

The ever-changing economy and the consumers' demands continuously influence the information and community technology industry. As consumers expect swiftness with their communication experience, the formats used for providing ICT services had to adapt accordingly. Such an adjustment was required for whether the entrepreneurs of the Social Media for Business (SMB), information technology service providers, as well as the corporate customers and individual customers who purchase these products and services. Such a change leads to the trending demand for responsive communication services or communication services provided through multiple channels, as well as the general comfortability of using such services provided to the customers. Moreover, there is an inevitable trend of applying consumer technology to the organization (IT Consumerization). The growth and application of ICT come from the 4 core driving forces, namely, Cloud Computing, AI, Social Business, and Big Data. It can be seen that social media giants start using AI, such as Chatbot, in their services and solutions. For example, Facebook and Line provide Chatbot AI as part of the marketing and promotional tool of their platforms, for the purpose of engaging in the sales promotion or providing information to users in real-time and at all time. Therefore, AI Chatbot is the true answer for the demand for the 24/7 customer service. Moreover, AI Chatbot also provides a gigantic amount of data, hence, Big Data Technology will be required as a tool for engaging the Data Analytic, whether for creating a strategy for penetrating into the customers or users of social media or online media in the future.

Company's Strategy:

To achieve the goal, the Company has determined the strategies in the following categories:

- Marketing
- Maintaining High Quality Services
- Managing the Budget

Operating Results of 2Q2019

The revenue of the Company and its subsidiaries was Baht 33.47 million. Company was also increasing in revenue continually when comparing with prior year by Baht 324.45 million or 49% mainly from infrastructure services that the Company is able to make the confidentiality in any services to all customers. As a result, the Company become to the leader of technology business.

Operating Results

Unit: Million Baht

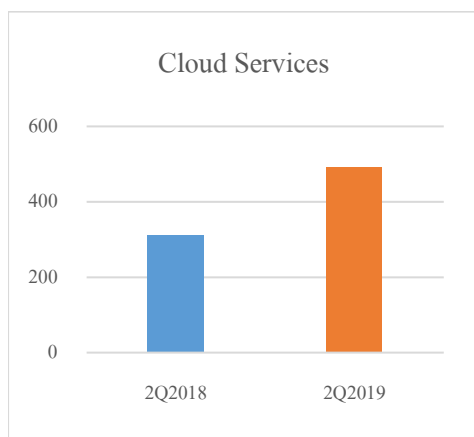
List	2Q2018	2Q2019	% Increase (Decrease)
Revenue	660.22	984.67	49%
Cost	(493.00)	(736.33)	49%
Gross Profit	167.22	248.34	49%
Other Revenue	143.61	50.35	(64.94%)
SG&A	(153.84)	(181.35)	18%
Share profit (loss) associates and investment in joint ventures	(1.13)	1.00	(188.50%)
Interest	(22.01)	(38.79)	76%
EBT	133.85	79.55	(40.57%)
Tax	(29.13)	(12.44)	(57.29%)
Net Profit	104.72	67.11	(35.91%)

Operating Results for each service

Unit: Million Baht

Service	2Q2018	2Q2019	% Increase (Decrease)
Cloud Services	310.55	492.58	59%
Co-Location	105.18	133.25	27%
Internet Access	174.77	203.27	16%
EDC	19.61	20.56	5%
Other	50.11	135.00	169%
Total Revenue	660.22	984.67	49%

Cloud Services:

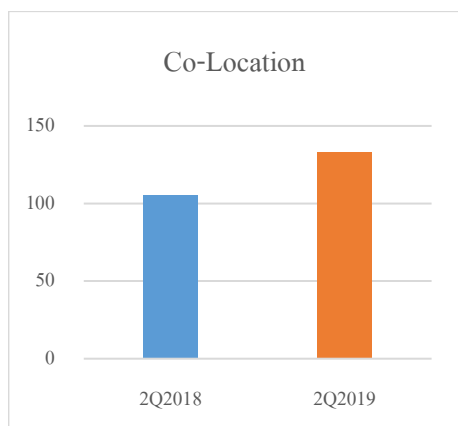


Cloud Services is the service for using the computer resources through the connection of internet under international standard securities which was consistent of ISO/IEC 27001 and ISO/IEC 20000.

The Company has focused on the development in Cloud Services to response the customer needs, and also to verified by international standard. The extent of Cloud Services is the symbol of identification in readiness for every operation. Many organizations provided the trust and confidentiality to the Company by rendered in every categories of services and trended to increasing continually. Furthermore, the Company provided the opportunities to the customers for trial testing the system.

The Revenue from Cloud Services in 2Q2019 is Baht 492.58 million, increasing by Baht 182.03 million or 59% from prior year. This is a result from the expanding of the platforms on Cloud Services which could response many categories and Platform Services of customer requirements. Moreover, the Company also provide the testing of system which could satisfy the customers confidentiality.

Co-Location:

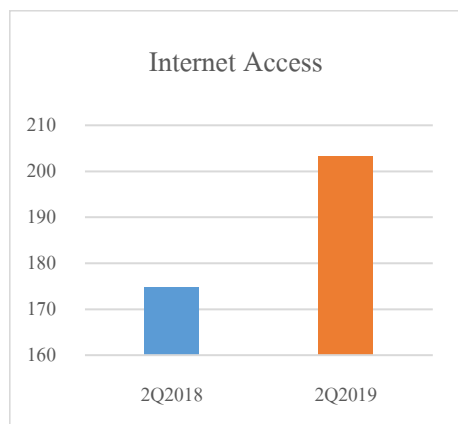


Co-Location Services is the reserved data center for managing the database with efficiency and securities, supporting any emergency cases, and supervising the server for organization which required securities and stabilities.

The Internet Data Center (INET-IDC) is the mainly operation center of the Co-Location Services for any organization or business that are looking to present its information through the Internet or Intranet in both public network and private network. There are 3 INET-IDC located at Bangkok Thai Tower (INET-IDC1), Thai Summit Tower (INET-IDC2), and Kaeng Khoi, Saraburi (INET-IDC3). The objective of all IDC is able to connect all data centers together with standardized security and readiness for service at all time.

The revenue from Co-Location Services in 2Q2019 is Baht 133.25 million, increasing by Baht 28.07 million or 27% from prior year. According to the opening of INET-IDC3 and the development of services, thus the Company has more areas to serve the customers resulting to the increasing in revenue.

Internet Access:



The Company provides internet access at different speeds for several businesses. The service's locations are covered in every province of Thailand allowing customers to access the internet in any places. This internet access could be connected through internet broadband at high-speed leased lines. The Company maintains the bandwidth to suitable with every need of customers by improved Software Defined Network to decrease the risk of human errors resulting to the acceptance to selected by many general organizations.

The revenue from Internet Access Services in 2Q2019 is Baht 203.27 million, increasing by Baht 28.5 million or 16% from prior year. According to the growth of Co-Location Services and Cloud Services was requires Network as the intermediary for communication to connect for working together. From the importance of Network, the Company develops and innovates the new services to consist with the current usage of Network along with maintaining the quality standard and ensure with a Service Level Agreement (SLA) of 99.90%.

Statement of Financial Position

In 2Q2019, the Company has a total asset of Baht 5,935.66 million, increasing by Baht 730.83 million or 14.04% from prior year which was mainly came from equipment which is according to the business plan for supporting continually business expansion resulting to increase of value of assets. The Company has total liabilities as of 2Q2019 is Baht 4,132.74 million, increasing by Baht 750.58 million or 22.19% from prior year. Because of the Company has to manipulate the cash flow in accordance to investment plan and expansion of the businesses.

Unit: Million Baht

List	2018	2Q2019	% Increase (Decrease)
Asset			
Current Assets	865.30	987.03	14.07%
Non-current Assets	4,339.53	4,948.63	14.04%
Total Assets	5,204.83	5,935.66	14.04%
Liabilities and Shareholders' Equity			
Current Liabilities	1,754.09	2,066.65	17.82%
Non-current Liabilities	1,628.07	2,066.09	26.90%
Shareholders' Equity	1,822.67	1,802.92	-1.08%
Total Liabilities and Shareholders' Equity	5,204.83	5,935.66	14.04%