

## Management's Discussion and Analyst (MD&A) and Operating Results for the Third quarter of 2019

### Internet Thailand Public Company Limited and its subsidiaries

#### Business Overview

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##### 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 set goal, the Company has laid out its strategies as below:

- Marketing
- Maintaining High Quality Services
- Managing the Budget

### Operating Results of Quarter 3 of 2019

The revenue of the Company and its subsidiaries was Baht 17.92 million. Company was also increasing in revenue continually when comparing with prior year by Baht 136.26 million or 40% 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

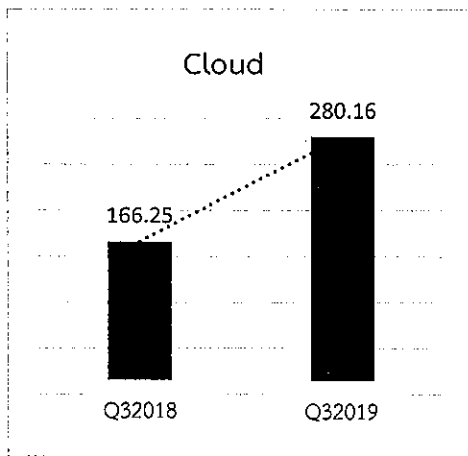
List	Q3'2018	Q3'2019	% Increase (Decrease)
Revenue	342.86	479.12	40%
Cost	(237.28)	(322.21)	36%
<b>Gross Profit</b>	<b>105.58</b>	<b>156.91</b>	<b>49%</b>
Other Revenue	14.36	2.54	(82%)
SG&A	(80.66)	(117.71)	46%
Share profit (loss) associates and investment in joint ventures	(4.42)	1.21	(127%)
Interest	(13.04)	(24.99)	92%
<b>EBT</b>	<b>21.82</b>	<b>17.96</b>	<b>(18%)</b>
Tax	(5.90)	(0.04)	(99%)
<b>Net Profit</b>	<b>15.92</b>	<b>17.92</b>	<b>13%</b>

### Operating Results for each service

Unit: Million Baht

Service	Q3'2018	Q3'2019	% Increase (Decrease)
Cloud Solution	166.25	280.16	69%
Co-Location	54.21	57.01	5%
INTERNET ACCESS	88.07	78.11	(11%)
EDC	9.58	9.76	2%
Other	24.75	54.08	119%
<b>Total Revenue</b>	<b>342.86</b>	<b>479.12</b>	<b>40%</b>

## Cloud Services:

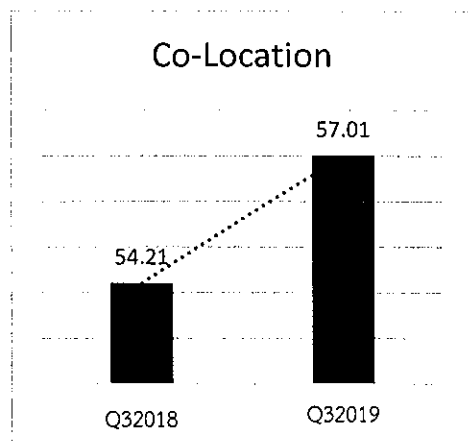


Cloud Services is the service for using the computer resources through the connection of internet under international standard securities which was consistent of ISO/IEC 27001 and ISO/IEC 20000.

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 3Q2019 is Baht 280.16 million, increasing by Baht 113.91 million or 69% 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:

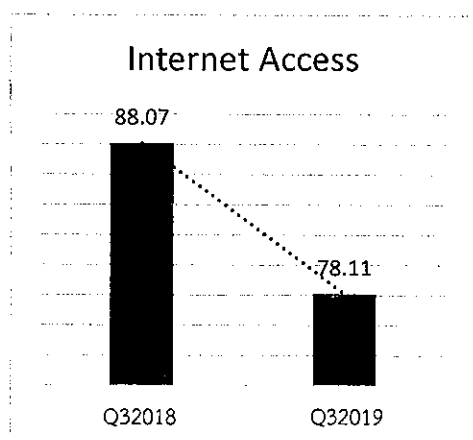


Co-Location Services is the reserved data center for managing the database with efficiency and securities, supporting any emergency cases, and supervising the server for organization which required securities and stabilities.

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 3Q2019 is Baht 57.01 million, increasing by Baht 2.80 million or 5% 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 3Q2019 is Baht 78.11 million, decreasing by Baht 9.96 Million or 11.00% from prior year. The company has been adjust selling and service strategy. Which mainly concentrate on sales that generate cash flow. On Internet access service part, costs are cash flow that from service provider. Furthermore, the net cash flow from sales service is relatively low. However, the company mainly focus on service that could generate higher net cash flow such as Cloud services.

## Statement of Financial Position

In 3Q2019, the Company has a total asset of Baht 6,156.47 million, increasing by Baht 937.37 million or 18.00% 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 3Q2019 is Baht 4,335.89 million, increasing by Baht 939.46 million or 56.00% 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	3Q2019	% Increase (Decrease)
<b>Asset</b>			
Current Assets	867.76	982.08	13%
Non-current Assets	4,351.34	5,174.39	19%
<b>Total Assets</b>	<b>5,219.10</b>	<b>6,156.47</b>	<b>18%</b>
<b>Liabilities and Shareholders' Equity</b>			
Current Liabilities	1,768.36	2,107.09	19%
Non-current Liabilities	1,628.07	2,228.80	37%
Shareholders' Equity	1,822.67	1,820.58	0%
<b>Total Liabilities and Shareholders' Equity</b>	<b>5,219.10</b>	<b>6,156.47</b>	<b>18%</b>