



Opportunity Day Q2 2020

DATE 25 August 2020



PROFILE



Dr. BUNDIT
RUNGCHAROENPORN

EXPERIENCE

I have spent more than 10 years in the top positions of organizations. It has enabled me to see companies from a broad aspect, being able to see this I am able to foresee the direction of the company and the approaching trends of the workforce.

EDUCATION

Doctor of Philosophy (Ph.D.) Educational Communications and Technology - Kasetsart University

Masters of Business Administration (MBA)
- Kasetsart University

Bachelors of Electrical Engineer and Computer Science (EECS) - University of California, Berkeley

ACCOMPLISHMENT

Managing Director – SBP Digital Services Co., Ltd.

Group Chief Information Officer – BJC Public Co., Ltd.

Chief Information Officer – Big C Supercenter Public Co., Ltd.

Executive Vice President (CIO/CFO) – Regional Container Lines Public Co., Ltd.

Managing Consultant/IT (SEA) – IBM

General Manager, Information Technology – Tesco Lotus

Senior Technical Consultant – Computer Associates Pte Ltd.

Research & Design Engineer – Advanced Micro Devices (AMD)

- **Company Timeline**
- **Group and Company Structure**
- **Products and Services**
- **Q2 2020 Performance Recap and Recent Update**
- **Three Years Plan**

Company Timeline

2550



- Established and registered as a company limited with 100% of total shares held by Interlink Communication Public Company Limited and Baht 30 million registered capital

2555



- Received a Telecommunications Network Provider Type III License No. 3A/55/001 from Office of The National Broadcasting and Telecommunications Commission (NBTC) with 15 years of license term
- Received “Right of Way” to install Fiber Optic Network along railways for servicing with 30 years term
- Started installation of Fiber Optic Network over the country, covered 10 provinces by emphasizing on Bangkok area and nearby area.

2556



- Started the service of Interlink Fiber Optic Network by focusing on service quality

2557



- Increased registered capital to Baht 300 million by issuing 270,000 shares with the value of Baht 100 per share, Offering to former shareholder for expanding the Company’s network
- Purchased Data Center building and related equipment from Interlink Communication Public Company Limited and started Data Center service.
- Obtained Data Center quality standard from ISO under ISO27001 which is the important standard to operate business
- Received authorization from NBTC to provide International Private Leased Circuit (IPLC) and International Internet Protocol Virtual Private Network (International IP-VPN)
- Connected the network with oversea network service provider in order to provide data transferring service across countries such as Singapore, Malaysia, Cambodia, Vietnam and Hong Kong

Company Timeline

2558



- Converted to Public Company Limited / Changed par value from Baht 100 to Baht 1
- Increased registered capital to Baht 500 million by issuing new 200,000,000 million shares at par value Baht 1
- Connected the network to Myanmar at both Thailand border crossing points at Mae-Sot, Tak province and Mae-Sai, Chiang Rai province

2559



- Connected the network to Laos at Thailand border crossing point for providing service to customers.
- Began to provide service to customers in 3 Southern border provinces.
- Alloted and sold 200 million ordinary shares at par value 1 Baht, in connection with the Initial Public Offerings to investors and unconnected persons for Baht 5.20 per share, so the issued and paid-up share capital is Baht 500 million and premium on share capital is Baht 815 million

2560



- Change of the par value of ordinary shares of the Company from that of Baht 1 to that of Baht 0.50, so the issued and paid-up share capital is Baht 500 million which the total of 1,000 million ordinary shares at a par value of Baht 0.50 each. The Company registered the change in the par value with the Ministry of Commerce on 9 May 2017 and the change was effective on 15 May 2017

2561



- Increased registered capital to Baht 625 million as to reserve for the issuance of warrant to purchase ordinary shares of the Company (ITEL-W1)
- ITEL-W1 maturity is 3 years from issue date of warrant. It can be exercised after the warrants are completed 2 years after issuance date at the end of each quarter with exercise ratio at 1 unit of warrant has the right to purchase 1 new ordinary share and the exercise price is 5 Baht per share.

2562



- Certified member of the Private Sector Collective Action Coalition Against Corruption from Thai Institute of Directors Association (IOD) by the Private Sector Collective Action Coalition Against Corruption Council (CAC)

Group and Company Structure



- Distribute all types of signal cable
- Import and Export all types of signal cable
- Design, construction and contracting for submarine cable project which is electrical cable or composite cable of high voltage cable and fiber optic cable
- Design, construction and contracting for transmission line, underground cable and substation or project related to electrical power system



- Provide fiber optic network services
- Design, construction and contracting for fiber optic project and telecommunications project
- Provide data center service
- Design, construction and contracting for data center



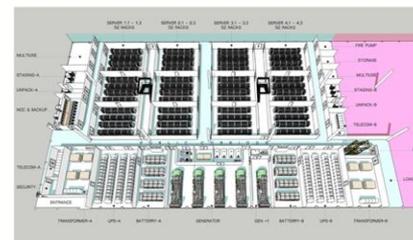
- Design, construction and contracting for submarine cable project which is electrical cable or composite cable of high voltage cable and fiber optic cable
- Design, construction and contracting for transmission line, underground cable and substation or project related to electrical power system

Products and Services

1. การให้บริการโครงข่ายวงจรรสื่อสารข้อมูลความเร็วสูง (Data Service)

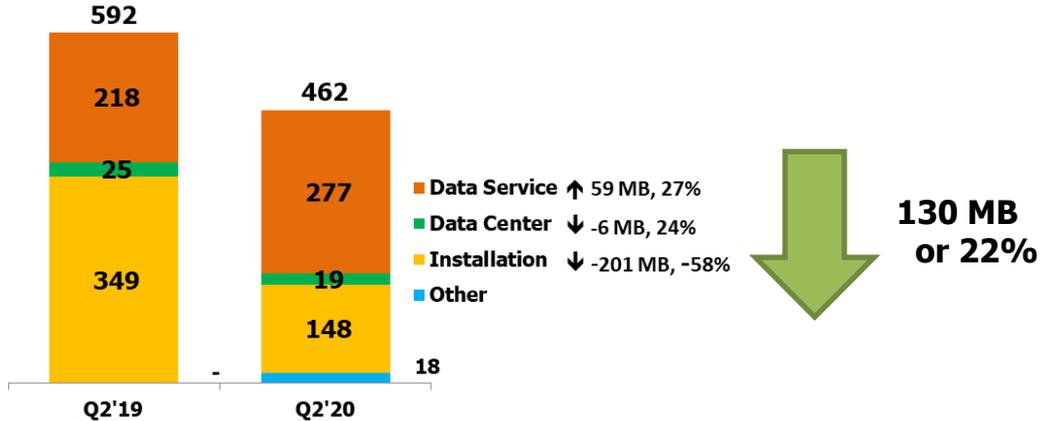
2. การให้บริการติดตั้งโครงข่ายโทรคมนาคม (Installation)

3. การให้บริการพื้นที่ศูนย์ข้อมูลหรือดาต้าเซ็นเตอร์ (Data Center)

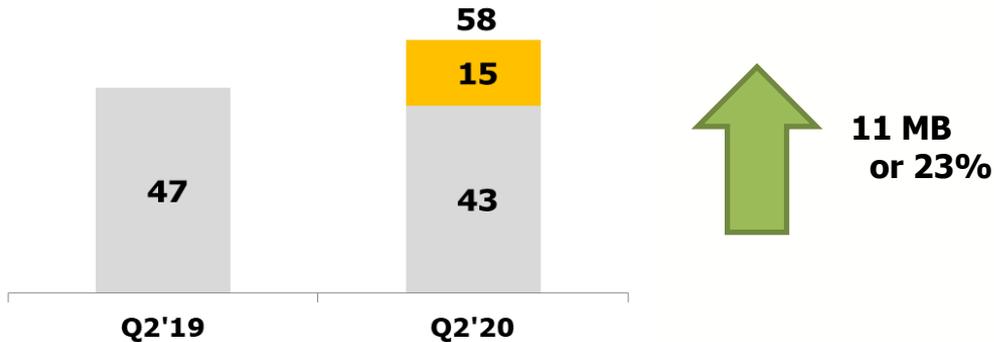


2020 Q2 Performance Recap and Recent Update

2020 Q2 Revenue



2020 Q2 Net Income



Nature of Business

Data Service

- # of Circuit increase to **21,886 (Jun'20)** from 20,985 (Mar'20)
- # of Customer increase to **699 (Jun'20)** from 672 (Mar'20)
- % of SLA at **99.99 %**
- Nationwide Network Coverage up to **75 provinces** as well as improving SLA helped in building customer satisfaction that lead to more revenues.

Data Center

- # of customer: **18 customers (Jun'20)** from 19 customers (Mar'20) including **2 major customers such as TMB and GSB**
- One Major Customer contract will be renewed during Q3' 2020
- Run at **95% of Occupancy Rate**
- SLA at **100%**

Installation

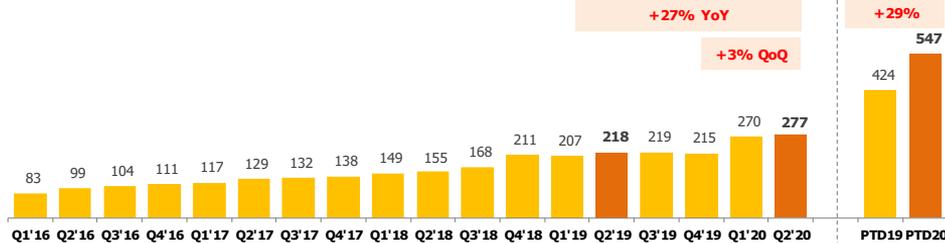
- Major Projects Revenue Recognition are **USO-2 and AWN OSP**
- New Project in 2020 (Exc. VAT)
 - 1) MA PEA (North) = **89.90 MB**
 - 2) MA Fiber Optic = **81.87 MB**
 - 3) Microwave = **80.28 MB**
 - 4) Microwave (Extension) = **46.44 MB**
 - 5) PEA 3,600 Km. = **233.37 MB**
- Current Backlog = **1,164.65 MB**

2020 Q2 Performance Recap and Recent Update

Data Service

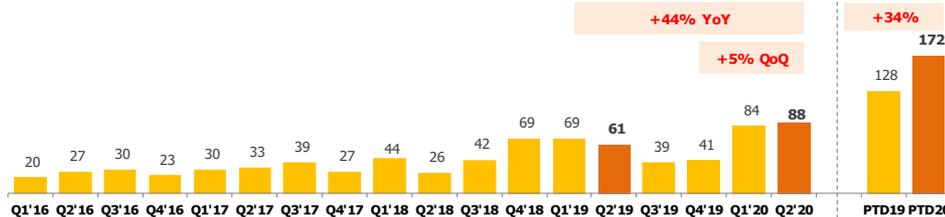
Revenue

THB Million



GP

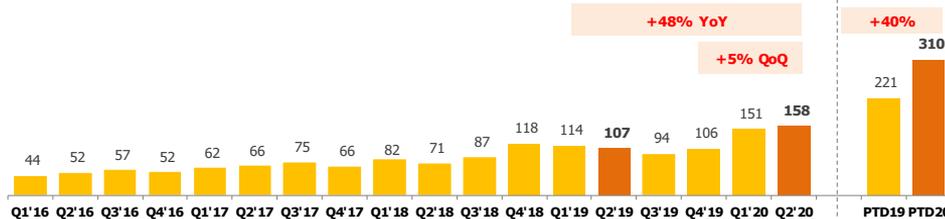
THB Million



% GP

EBITDA

THB Million



% EBITDA

Key Highlights

Revenue

- Significant growth YoY
- Continuously growth QoQ
- Increased in # of customers and # of circuits are the key to success in 2020 vs 2019.
- New Links acquiring are such as CCTV Bangkok, Dhipaya Insurance, Thai Credit Retail Bank, Krung Thai Bank (start revenue recognition Q3'20), and the expansion of existing customers such as Srisawad Power (SAWAD)
- Start to recognize partial of USO Phase 2 (Central 1 and South) - Data Service Revenue

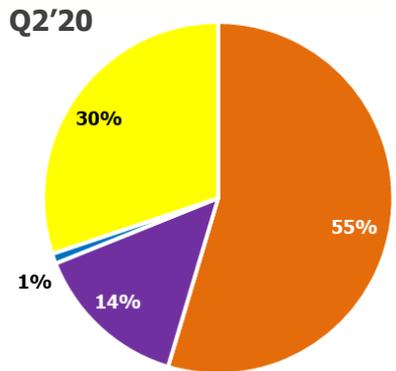
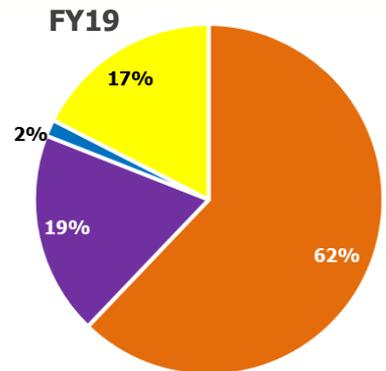
Gross Profit

- Increased in %GP YoY and QoQ as a result of decreasing in cost of underground duct price and more efficient in cost control.
- In FY2020, we still believe that %GP is **expected to be growth to be around 25-30% in 2020 onwards** as a result of underground duct price negotiation (50% Discount) and start to recognize service income in USO 2.

2020 Q2 Performance Recap and Recent Update

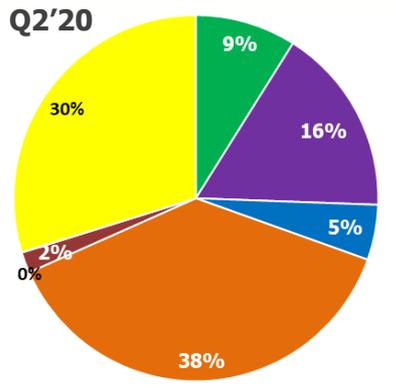
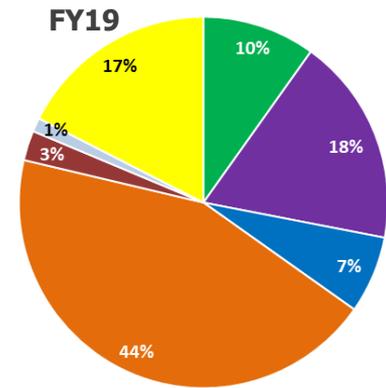
Data Service

Key Highlights



Revenue by Service Types

- No. 1 of data service revenues is from **Bandwidth**, in which its sales are covered **55%** of total data service revenue
- No. 2 is from **USO Service** in which its sales are covered **30%** of total data service revenue.
- No. 3 is from **Dark Fiber** in which its sales are covered **14%** of total data service revenue
- The last is **IPLC** that its sales remained around **1%** of total data service revenue



Revenue by Customer Segments

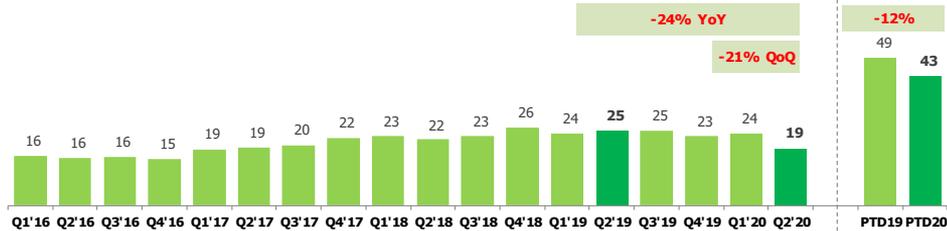
- Ranging of data service customers are **ISP>USO>BIZ>BFI>GOV>MBC>SI**
- ITEL will continuously focus on **ISP, BIZ, GOV and BFI.**

2020 Q2 Performance Recap and Recent Update

Data Center

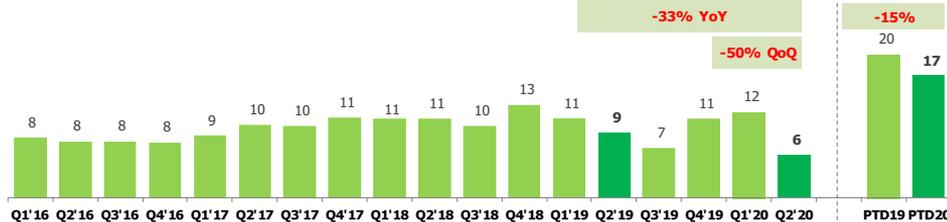
Revenue

THB Million



GP

THB Million

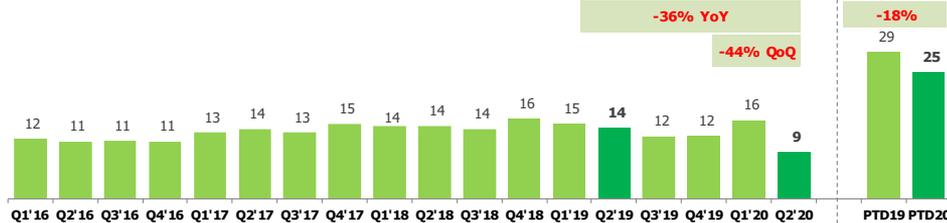


% GP

51.13% 49.71% 48.90% 50.02% 49.48% 53.97% 47.34% 49.97% 48.22% 48.95% 42.96% 47.49% 45.32% 37.23% 30.22% 49.59% 49.08% 28.61%

EBITDA

THB Million



% EBITDA

72.22% 71.47% 71.25% 73.21% 69.95% 71.59% 66.15% 65.75% 63.43% 65.44% 58.61% 61.88% 61.88% 55.71% 48.81% 53.13% 64.45% 48.49%

Key Highlights

Revenue

- New level of revenue over 20 MB per quarter starting from Q1'17, the variance is electricity charge
- Having 3 major customers with **95% utilization of capacity**
- Revenue decreased due to the customer postponed the extension of the contract from the second quarter to the third quarter of 2020.

Gross Profit

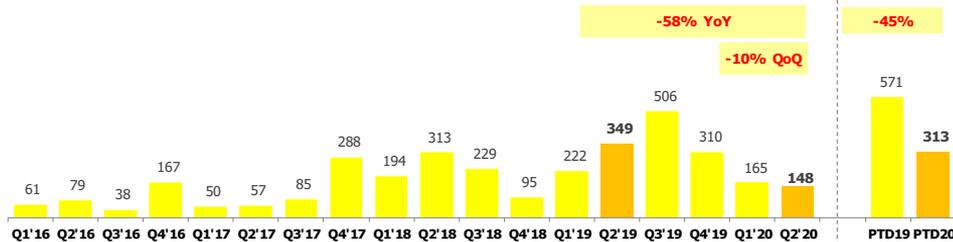
- %GP of Q2 2020 decreased due to the decreasing revenue as mention above.
- **New Control level of % GP above 40%**

2020 Q2 Performance Recap and Recent Update

Installation

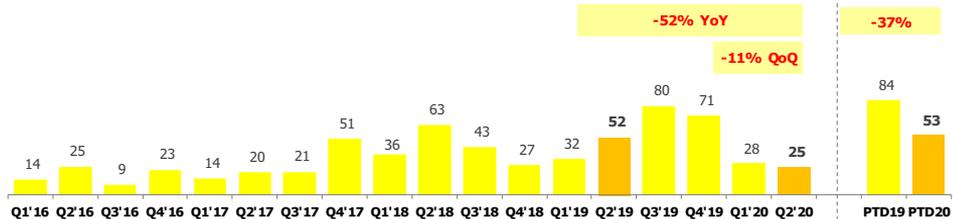
Revenue

THB Million



GP

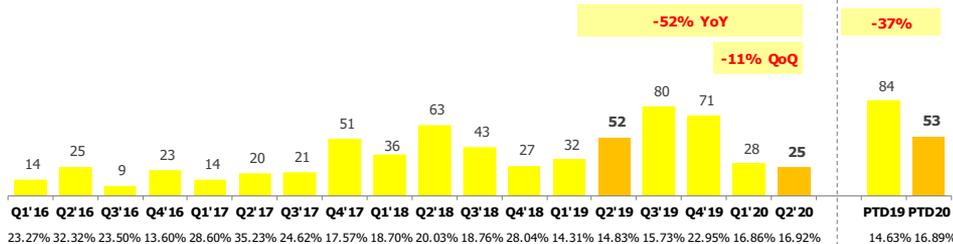
THB Million



% GP

EBITDA

THB Million



Key Highlights

Revenue

- Fluctuation in revenue upon completion of projects' progression
- Major projects revenue recognition in Q2 2020 are **USO-2 (79 MB)** and **AWN OSP (49 MB)**

Backlog

- New Project in 2020
 - 1) MA PEA (North) = **89.90 MB**
 - 2) MA Fiber Optic = **81.87 MB**
 - 3) Microwave = **80.28 MB**
 - 4) Microwave (Extension) = **46.44 MB**
 - 5) PEA 3,600 Km. = **233.37 MB**
- Current Backlog = **1,164.65 MB** (Mar'20 = 1,069.20 MB)

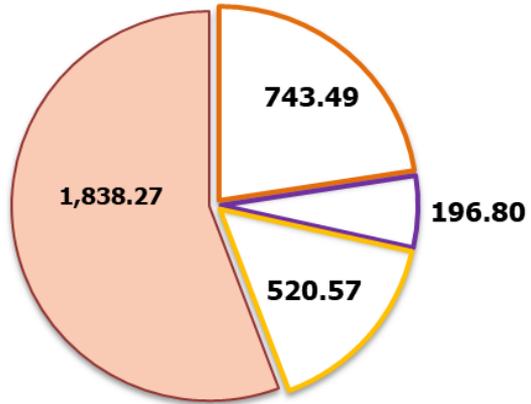
Gross Profit

- Decreased in term of %GP due to the project mix of 2020. The major projects in 2020 are USO-2 Central 1, USO-2 South, True Node-B, and AWN OSP
- Control level of % GP above 20%

2020 Q2 Performance Recap and Recent Update



Revenue Backlog



Bandwidth Dark Fiber USO1 USO2

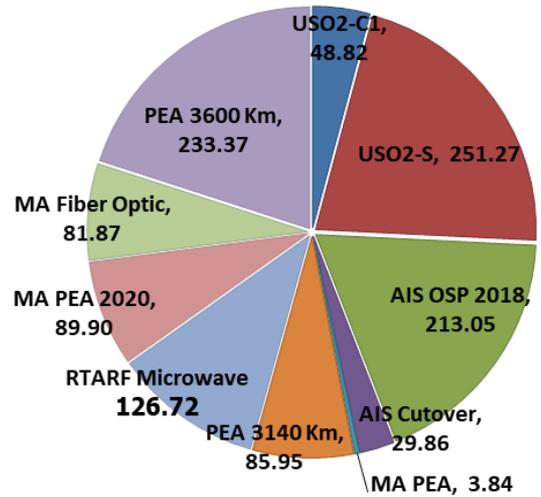
DATA SERVICE

Q2'20 = 3,299.13 MB
(Q1'20 = 3,415.06 MB)



DATA CENTER

Q2'20 = 245.67 MB
(Q1'20 = 243.13 MB)



INSTALLATION

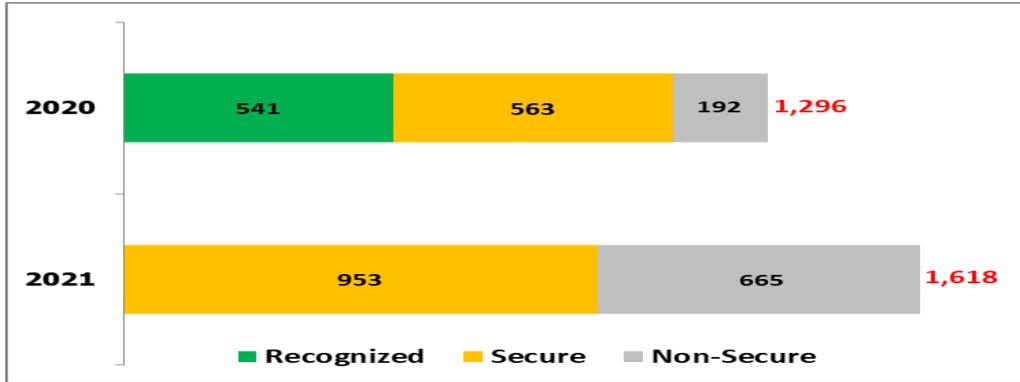
Q2'20 = 1,164.65 MB
(Q1'20 = 1,069.20 MB)

TOTAL = 4,709.45 MB
(Q1'20 = 4,727.39 MB)

2020 Q2 Performance Recap and Recent Update

Backlog Revenue Recognition vs Target

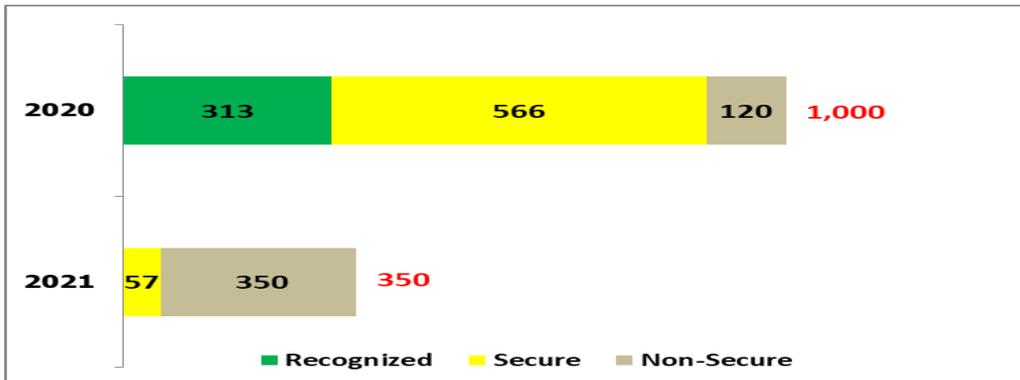
DATA SERVICE



Data Service

- Target = 1,296 MB
- **Secure** => Backlog will recognize during 2020 = **563 MB**
- **Non-Secure** => New Link and Renew Contract during 2020 to meet Target = **192 MB**

INSTALLATION

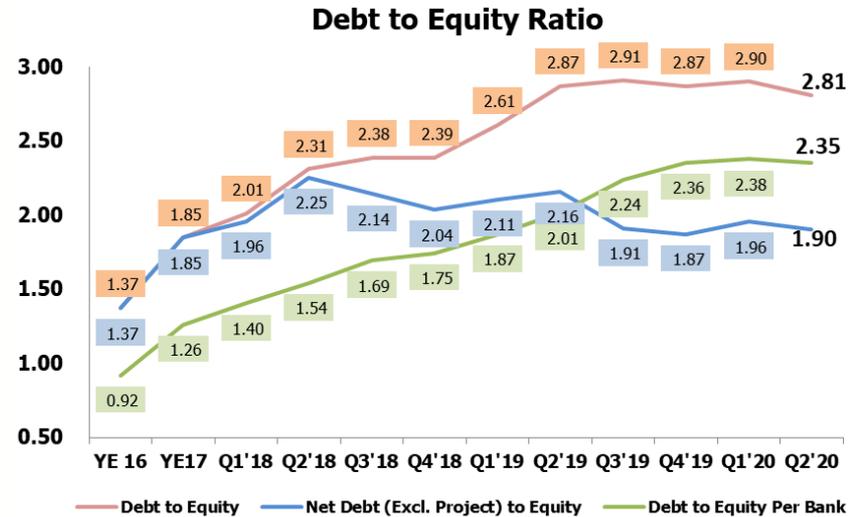
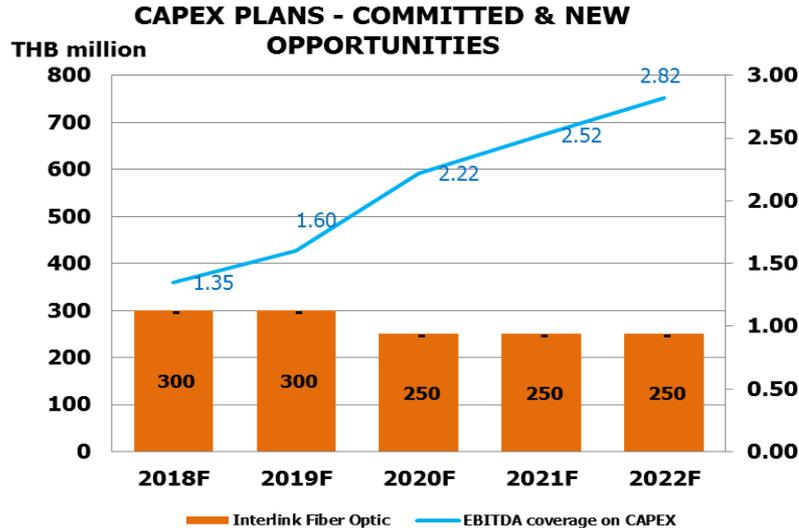


Installation

- Target Revenue = 1,000 MB
- **Secure** => Backlog expected to recognize during 2020 = **566 MB**
- **Non-Secure** => New project planned to acquire during 2020 such as TRUE 5G, AWN Solar Cell,
- 2021 Installation Revenue Target is 350 MB.

2020 Q2 Performance Recap and Recent Update

Capital Expenditure and Financial Position Strength



Key Highlights

- Capital expenditure in expansion of Interlink Fiber Optic Network is forecasted to be not over 300 MB in 2020.
- In 2020, half of investment will be spent by EBITDA in which they will be sufficient for investment.
- Debt to Equity Ratio is continuously increased due to the project financing.
- ITEL received funding from both of liabilities (bank loans) and operational result.
- ITEL planned to maintain the appropriate level of debt to equity ratio by issuing new warrants

Three Years Plan (To Be Revised)



2021 Goals	Revenue Growth over 20% CAGR		DE Ratio maintain under 1.7 times
	Gross Profit Margin Data Service: above 40% by 2021 / Installation: Minimum at 20% / Data Center: above 45% each year		
	NPAT Margin Target at 20% by 2021		

Growth Pillars	Driven by recurring revenue	Maximization of assets utilization	Increasing of market shares	Improving/ Maintaining customer experiences in term of churn rate	Improving/ Maintaining service excellent in term of SLA
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Current Performance	63% w USO 69% w/o USO	49%	9%	0.99%	99.99%
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Measurements	80%	50% within 5 years	17% within 5 years	Lower than 2%	99.99%
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 ITEL CHANNEL