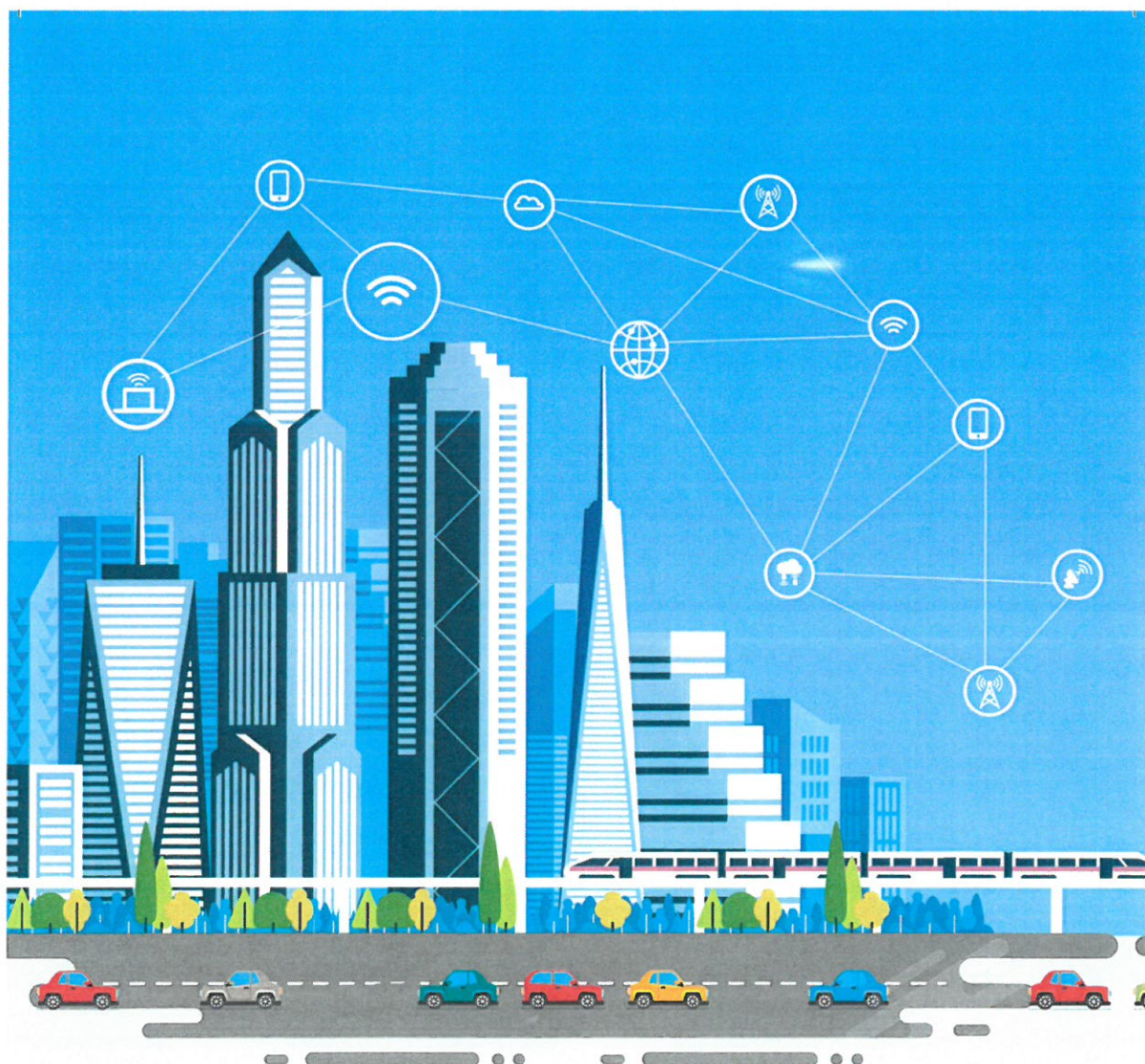




ALT Telecom Public Company Limited

Management Discussion and Analysis For the operating results of 2nd Quarter ended 30 June 2018



10 August 2018

The President

The Stock Exchange of Thailand

Dear Sir/Madam,

Re: Management's Discussion and Analysis for the operating results of 2Q/2018

ALT Telecom Public Company Limited ("ALT")'s performance in 2Q/2018 as consolidated financial statements are summarized as follows:

- Income growth has declined. Total revenues were Baht 185.9 million, YoY decreased by 33.3% from 2Q/2017 at Baht 278.9 million and QoQ decreased by 22.4% from 1Q/2018 at Baht 239.6 million
- Gross margin was Baht (13.9) million
- Net result of operation was loss of Baht 88.7 million.
- Cash from operating activities for 6 months ended June 30, 2018 was Baht 122.9 million.
- Net Debt to equity ratio was 1.01 times at the end of 2Q/2018
- Backlog as at the end of 2Q/2018 was Baht 1,164.2 million.

Executive Summary

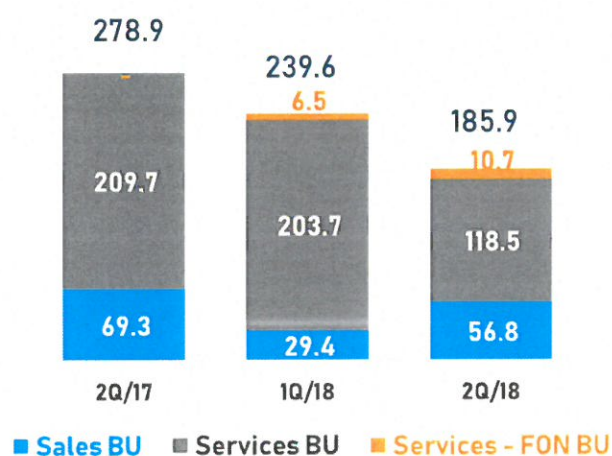
Overview	2Q/18 M.TH.B	2Q/17 M.TH.B	YoY		1Q/18 M.TH.B	QoQ	
			M.TH.B	%CHG.		M.TH.B	%CHG.
Revenues	185.9	278.9	(93.0)	-33.3%	239.6	(53.7)	-22.4%
Gross Profit	(13.9)	95.4	(109.3)	-114.6%	17.1	(31.0)	-181.6%
Gross Margin (%)	-7.5%	34.2%			7.1%		
Net Profit/(Loss)	(88.7)	46.0	(134.8)	-292.8%	(42.1)	(46.6)	-110.8%
Net Profit Margin (%)	-47.7%	16.5%			-17.6%		

The Company's performance in 2Q/2018 has decreased in term of revenue and profit in line with telecommunication industry. The revenue from network service is still under-growing, behind the plan. However, the recognition of network service has been started and several projects are still under construction. Once those projects gradually finish, they must contribute revenue to the Company significantly. Furthermore, the Company have dedicated to speed up the utilization rate of the network and seek for the opportunity to add-on and enhance the benefit of them to adjacent business. Together with creating business partnerships to maximize competitive advantage for exploring new sources of income, apart from traditional business such as winning auction of construction and implement the Power Smart Grid Project in Pattaya of Provincial Electricity Authority. Moreover, several developing projects are in with the government policy to move forward to Thailand 4.0 and Smart City.

Consolidated Performance Summary

Statement of income	2Q/18 M.TH.B	2Q/17			YoY			1Q/18		QoQ	
		M.TH.B	M.TH.B	%CHG.	M.TH.B	%CHG.	M.TH.B	M.TH.B	%CHG.		
Total Revenues	185.9	278.9	(93.0)	-33%	239.6	(53.7)	-22%				
Total Cost	(199.9)	(183.5)	16.4	9%	(222.6)	(22.7)	-10%				
Gross profit	(13.9)	95.4	(109.3)	-115%	17.1	(31.0)	-182%				
Other income	9.3	7.1	2.2	31%	9.0	0.3	4%				
Selling and admin expenses	(60.3)	(52.5)	7.8	57%	(56.1)	4.2	36%				
Gain/(Loss) from exchange rate	(2.1)	0.3	(2.3)	-881%	1.1	(3.1)	-290%				
Share of Gain/(Loss) of investments in associate and joint venture	(13.3)	10.3	(23.6)	-564%	(11.5)	(1.8)	-25%				
Finance costs	(9.6)	(4.4)	5.2	117%	(9.7)	(0.1)	-1%				
Profit before income tax expense	(89.8)	56.2	(146.0)	-260%	(50.1)	(39.7)	-79%				
Income tax (expense) revenue	1.1	(10.2)	(11.2)	-110%	8.0	7.0	87%				
Profit for the period	(88.7)	46.0	(134.8)	-293%	(42.1)	(46.6)	-111%				

Revenue



I) Sales Business – 2Q/2018

Total sales of telecommunication products such as optical fiber cable and Wi-Fi devices, etc., totally Baht 56.8 million, compared YoY decreased of Baht 12.5 million or 18.1% from the same quarter of last year at Baht 69.3 million. Compared QoQ increased by Baht 27.4 million or 93.0% from previous quarter at Baht 29.4 million.

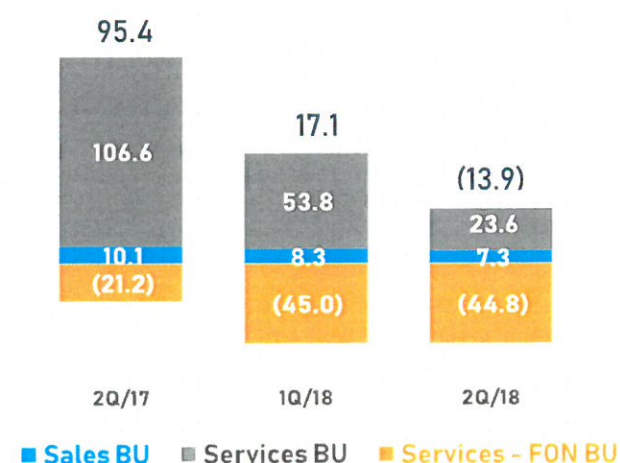
- o Gross profit was Baht 7.3 million, compared YoY decreased by Baht 2.8 million or 27.6% from 2Q/2017 at Baht 10.1 million and QoQ decreased by Baht 1.0 million or 11.6% from last quarter at Baht 8.3 million.
- o Gross Profit Margin was at 12.9% decreased from 14.6% in 2Q/2017 and decreased from 28.1% in 1Q/2018.

II) Services Business – 2Q/2018

Revenues from construction and installation services, such as construction of base stations, equipment and optical fiber cable installation, totally of Baht 118.5 million, YoY decreased by Baht 91.2 million or 43.5% from 2Q/2017 at Baht 209.7 million and QoQ decreased by Baht 85.3 million or 41.9% from 1Q/2018 at Baht 203.7 million, due to the slowdown of customer investment, which is a major portion of services income.

- o Gross profit was Baht 23.6 million, YoY decreased Baht 83.0 million or 77.9% from 2Q/2017 at Baht 106.6 million and QoQ decreased by Baht 30.2 million or 56.1% from 1Q/2018 at Baht 53.8 million.
- o Gross profit margin was at 19.9%, down from 50.8% in 2Q/2017 and 26.4% in 1Q/2018.

Gross profit



III) Network Service Business – 2Q/2018

- Recurring income in this period was Baht 10.7 million, mainly from the SRT project which started commercial service from the middle of 3Q/2017, due to delayed revenue in this segment and not cover the cost incurred. Currently it is in the process of negotiation with target customers. The progress has been in order.
- The cost of optical fiber network services was Baht 55.6 million, comprised of depreciation cost Baht 17.4 million, maintenance and repair were Baht 13.9 million. The remaining cost of Baht 25.5 million, there are major cost of right of way, utilities, salary and wage. In addition, the such depreciation cost of Baht 17.4 million has included depreciation of Hemaraj Project amounting to Baht 5.6 million per quarter. The revenue of this project was stop to recognize, because customer has defaulted the payment. The Company filed a lawsuit against the Central Administrative Court and the Central Administrative Court announced a judgment on 30 September 2016, that the parties should pay the indemnity to the Company. But the party applied to appeal. Currently, the case is awaiting a decision of the Supreme Administrative Court.

Revenues contribution

Revenue Structure	2Q/17	1Q/18	2Q/18
Sales	24.8%	12.3%	30.5%
Services	75.2%	85.0%	63.7%
Services - FON	0.0%	2.7%	5.8%

In 2Q/2018, the revenue contribution of Sales Businesses, Services Business and Network Services Business was about 30.5%, 63.7% and 5.8% respectively.

Selling & Administrative Expense

- 2Q/2018, selling and administrative expenses were Baht 60.3 million, up by Baht 7.8 million YoY and QoQ increased by Baht 4.2 million, due to the increasing of marketing cost to explore and expand the market particularly for foreign customers.

Finance Cost

- Baht 9.6 million, increased Baht 5.2 million from 2Q/2017 at Baht 4.4 million and a bit decreased by Baht 0.1 million form 1Q/2018 at Baht 9.7 million.

Net Loss

- Net result of operation was a loss of Baht 88.7 million. Operation results has declined, due to the declining of revenue and depreciation cost of optical fiber network.

2018 MANAGEMENT OUTLOOK & STRATEGY

Although the results of the Quarter of 2/2018 have declined of revenues and profits. As a consequence of slowdown investment of operators, which impacted by technology disruptions. The company has changed its strategy from being solely depended on the telecommunications industry, to expand for new industries and add-on benefit with following;

1. Rising up occupancy rate of existing network - increasing the utilization rate of company's existing network that has been invested, it is the first priority. Right now, the Company is still keeping negotiation with telecommunications operators both in Thailand and abroad. A few foreign customers are on proceeding. In case of, the deal done, it will result significantly in the Company performance.

2. Exploring new business opportunity to enhance our existing network - adding-on the benefit on existing network of the Company to the new adjacent businesses.
3. Making synergy with business partners - creating a business alliance with strategic partner both domestic and international to enhance competitive advantage.
4. Exploring new revenue stream apart from traditional telecom business - seeking new revenue stream, cross-over industries with telecom business such as the Power Smart Grid project.

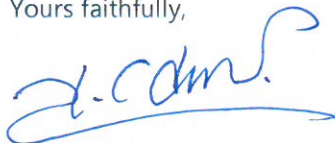
However, business plan adjustments might take 2-3 years to appear.

The Company also has the projects in hands as follows:

- o The Company still has a backlog of Baht 1,164.2 million as at the end of 2Q/2018
- o SRT Project started to be recognized revenue in mid of 3Q/2017, Currently it is in the process of negotiation with target customers. The progress has been in order.
- o Navanakorn Smart City Project - relocation the optical fiber cable network from aerial on the electricity pole to be on ground, is on construction phase. The project is expected to start to contribute revenue in late of 3Q/2018.
- o The BTS Wi-Fi project is equipped with free Wi-Fi and allows the operator to off-load the cell phone channel. The project is expected to start to contribute revenue in late of 3Q/2018
- o The Power Smart Grid Project by installing Digital Meter in Pattaya, Chonburi. The period of operation and revenue recognition in 2019-2020.
- o Other projects are under negotiation with landlords to gain the right to use, together with conducting a survey of customer demand, prior to make decision of investment accordingly.

For your information.

Yours faithfully,



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