

Management Discussion and Analysis of Financial Results of Operations

Triton Holding Public Company is an Investment Holding Company that has the ability to invest in a diverse range of businesses. We report our activities in two business segments: Media Services through Splash Media PCL and its subsidiaries "Splash Group" and Construction Services through Strega PCL and its subsidiaries "Strega Group".

When we use the terms "Triton Group", "the group", "we", "us" and "our", we mean the Triton Holding Public Company and its subsidiaries, "Splash Group", we mean the Splash Media Public Company and its subsidiaries and "Strega Group", we mean the Strega Media Public Company and its subsidiaries.

2016 Management Outlook and Guidance Revisited

- 1) Total revenues of from sales and rendering of services were expected to increase 10-15% YoY which did not materialize. Triton Holding was adversely affected in both business segments of Media and Construction. In the media business, the acquisition of Spin Work and Media Event Design did not prove as commercially attractive as expected and with the external event of the passing of his late Majesty the King Rama IX, both events and advertisements were widely cancelled. In the construction business, delays in start dates for awarded contracts delayed Strega's incomes from these assignments. Additionally, as a result of slower than expected progress on major infrastructure and infrastructure improvement further delayed the bidding and tender processes for Strega's core HDD specialist sub-contracting business.
- 2) Net income from subsidiaries were expected to increase 20-25% YoY which did not materialize. As mentioned above total revenues was miscalculated.
- 3) Spinoff of Strega Public Company Limited was delayed as 2016 operational results did not meet new requirement from SET that we should have the net of operating profit not less than 10 million Baht in a year before IPO resulted in Strega's initial public offering to be postponed.
- 4) Efforts to develop investments for Argyle Property Development and Thor Energy and Resources did not materialize although a number of transactions were considered which were ultimately disqualified during commercial assessment and/or due diligence processes.

2017 Management Outlook and Guidance

1) Revenue from Sales and Rendering of Services -

- a) Splash Group: Plan to expand in advertising space business; various advertising media, expected to increase in revenue by 10 - 20%. However, Splash group plan to terminate of Thai Chaiyo TV Channel and conventional satellite business in August 2017, therefore, Total group's revenue will be the same level as prior year.
- b) Strega Group: expected to increase by 20% conservatively due to the award as main contractor for the Northern Fuel Pipeline Transmission contract in January 2017 and more robust demand for HDD services driven by the approval of delayed infrastructure projects and improvements.

2) Net income from subsidiaries -

- a) Splash Group: expected to increase into profitable levels (from a loss of 138 million Baht in 2016). This is due to a heavy reduction in costs from the divestment of Spin Work and Media Even Design and restructuring of Splash Group whereby conventional satellite service management and television media will be terminated by August 2017. Nevertheless, Splash Group will remain focus on expanding its revenue from advertising space in 2017, which will be the driving force for revenues for the Group. The divestment of Spinwork Co.,Ltd and Media Event Design Co.,Ltd coupled with the restructuring done as new management took place in the fourth quarter of 2016 will save the Company's expenses of 30 million Baht per year.
- b) Strega Group: expected to increase due to its award as Main Contractor for the 600km Northern Fuel Pipeline Transmission contract and management's focus on securing additional contract awards for HDD and diversifying our capacity to also bid for selective Main Contractor assignments and synergistic methodologies beyond current HDD offering.

3) Net income from Triton Holding Investments - Triton holding will aim to better manage its capital resources through its investments arm that will be primarily engaged in the business of investing in securities. It is expected to generate a return of approximately 5-10% YoY of the total investment budget.

Overview of operational results

The Consolidated Statements of Income (THB million)	2016	2015	Change
Total revenues	287.5	448.4	(161.0)
Cost of service	(309.9)	(349.7)	39.8
Gross profit	(22.4)	98.7	(121.2)
SG&A expenses	(170.7)	(217.7)	47.0
Profit sharing from associated company	-	16.7	(16.7)
Other income / (expense)	(153.9)	130.6	(284.5)
EBIT	(347.0)	28.3	(375.4)
Finance cost	(5.5)	(10.6)	5.2
Income tax	(28.7)	(14.7)	(14.0)
Net loss from continuing operation	(381.3)	3.0	(384.3)
Net profit from discontinued operation	(44.3)	(41.0)	(3.4)
Net profit (loss) for the year	(425.6)	(38.0)	(387.6)
Loss for the year attributed to owners of the Company	(334.7)	(3.4)	(331.3)

Key Financial Ratios	2016	2015	2014
Diluted earning per share (Baht)	(0.044)	(0.0004)	(0.0120)
Basic earning per share (Baht)	(0.044)	(0.0006)	(0.0140)
Return on equity	(31.2%)	(0.3%)	(10.4%)
Book value per share (Baht)	0.12	0.19	0.12
Debt-to-equity ratio (times)	0.20	0.39	0.19

The Triton Group generated net loss of (335) million Baht for 2016, compared to a net loss of (3) million Baht in 2015. Our diluted earnings per common share were (0.044) Baht in 2016, compared to (0.0004) Baht for 2015. Return on average common shareholders' equity (ROE) was (31%) in 2016, compared with (0.3%) in 2015.

Book Value per share fluctuated over the past three years of 0.12 Baht, 0.19 Baht and 0.12 Baht for the years 2014, 2015, 2016 respectively. Basic EPS fell to (0.044) Baht compared to (0.0006) Baht in 2015. Nevertheless, Debt to Equity ratio was significantly reduced to 0.2 in 2016 from 0.39 in 2015.

During the year, the group exercised its warrants (TRITN-W2) that expired in December 2016 and raised a total of 78 million Baht with the total conversion of 782 million shares. As such, the total outstanding number of shares increased from 7,251 million shares in 2015 to 8,034 million shares in 2016. The Company no longer has any warrants issued as at 31 December 2016.

The Company generated net revenues of 288 million for 2016, compared to 448 million in 2015. These results reflected significantly lower revenues from Strega Group due to delays in start dates for awarded contracts and the postpone of project upcoming.

Servicing and administrative expenses had a reduction of 22% at 171 million Baht in 2016 compared to 218 million in 2015. This was mainly a result of an order backlog amortization expense of 77 million Baht from the acquisition of Strega Group as one-time expense incurred in 2015.

Other Income/ (Other expenses) declined significantly by 285 million Baht mainly due to 1) loss from impairment of deposit in subsidiaries of 120 million Baht, 2) loss on impairment of property, plant and equipment of 31 million Baht, 3) Loss from divestment of 38 million Baht offset with bad debt recovery of 27 million Baht in 2016 whereas there was gain from debt forgiveness of 32 million Baht in 2015 and gain from bargain purchase of 77 million Baht.

Results of Operations

The composition of total revenues has varied over time as the scope of operations have changed. An overview of our financial results on each business segment is provided below.

Triton Holding PCL. (Company only)

Million Baht	2016	2015	Change
Total revenues	0.8	120.7	(119.9)
Cost of service	(1.2)	(152.3)	151.1
Gross profit	(0.5)	(31.6)	31.1
SG&A expenses	(54.9)	(74.7)	19.8
Other income / (expense)	(30.4)	56.8	(87.2)
EBIT	(85.8)	(49.5)	(36.3)
Finance cost	(0.2)	(0.2)	0.004
Income tax	(20.5)	(3.3)	(17.2)
Net loss for the year	(106.5)	(53.0)	(53.5)

Total service revenues of Triton holding were 0.8 million Baht in 2016 compared to 121 million Baht in 2015. This significant decline is attributed to the restructuring of Triton Group. Similarly, cost of services was reduced to 1 million Baht in 2016 from 152 million Baht in 2015. Other expenses of (30) million Baht in 2016 increased from other income of 57 million Baht in 2015 mainly due to 1) a provision for impaired investment in a subsidiary in 2016 of 54 million Baht that resulted from the divestment of 51% of Spin Work Co.,Ltd and 100% of Media Event Design Co.,Ltd that caused a revaluation of Splash Media's net book value subsequent to the divestment. This is a one off event which was a strategic move led by management to clarify its core business of Splash Media moving forward and 2) the decrease in management income by approximately 50 million Baht due to group restructuring. Further explanation for the divestment is described in Splash Media business segment below. Additionally, there was a 20 million Baht adjustment on deferred tax asset in 2016 as a conservative approach agreed by the management and our auditor. As such, Triton incurred a net loss of 107 million Baht in 2016 compared to a loss of 53 million Baht in 2015.

Splash Group

Million Baht	2016	2015	Change
Total revenues	175.6	194.2	(18.6)
Cost of service	(147.8)	(169.2)	21.4
Gross profit	27.8	25.0	2.8
SG&A expenses	(69.9)	(46.9)	(23.0)
Other income / (expense)	(49.7)	71.8	(121.4)
EBIT	(91.8)	49.9	(141.6)
Finance cost	(0.9)	(1.1)	0.2
Income tax	0.03	(3.5)	3.5
Net loss from continuing operation	(92.6)	45.3	(137.9)
Net profit from discontinued operation	(46.0)	(41.0)	(5.1)
Net profit (loss) for the year	(138.6)	4.4	(143.0)

Total revenues of Splash Group were 176 million baht in 2016 compared to 188 million Baht in 2015, a slight decrease of 7%. However, total revenues from conventional satellite channel service management and television media were reduced significantly over the past three years from an accumulative revenue of 183 million in 2014, 137 million in 2015 and 94 million in 2016 (Refer to Financial Highlights Section). This shows a downward trend in these two business segments in the media industry and consequently, other companies have suffered similar setbacks.

For out-of-home media, although, the number of billboard declined from 77 billboards in 2015 to 71 billboards in 2016, net revenue from advertising space remains consistent at around 80 million a year as the Company's out of home media yields desirable returns.

On a positive note, cost of services were reduced of 16% decrease from 166 million Baht in 2015 to 148 million Baht in 2016. Nevertheless, administrative expenses was 62 million Baht in 2016 higher than 47 million Baht in 2015 due to the increase in advisory, legal and professional fees approximately 10 million Baht which related to Spin Work Co.,Ltd and Media Event Design Co.,Ltd but absorbed by Splash Media Company and another 13 million Baht involved with salary and severance pay from company restructuring. Moreover, an impairment of assets (billboards and satellite TV equipment) valued approximately 30 million Baht had been recorded as viewed appropriated by the auditors and management.

Lastly, the acquisition of Spin Work and Media Event Design in 2015 resulted in a net gain on purchase of 46 million Baht; however, the divestment in this year reflects a net loss of 25 million Baht. Additionally, a loss of 46 million Baht was attributed from their operating losses and reversals in customer relationship that was previously recorded as intangible asset in 2015. As such, Splash Group incurred a net loss of 138 million Baht compared to a profit of 4 million Baht in 2015.

Strega Group

Million Baht	2016	2015	Change
Total revenues	112.9	215.3	(102.5)
Cost of construction services	(162.0)	(145.5)	(16.6)
Gross profit	(49.2)	69.8	(119.0)
SG&A expenses	(45.6)	(26.8)	(18.7)
Other income / (expense)	(92.3)	(0.8)	(91.5)
EBIT	(187.0)	42.2	(229.2)
Finance cost	(8.7)	(10.2)	1.5
Income tax	(11.0)	(8.3)	(2.7)
Net profit (loss) for the year	(206.7)	23.7	(230.4)

Total revenues of Strega Group were 113 million Baht in 2016 compared to 215 million Baht in 2015, a significant reduction of 48% resulting from slower than expected growth of backlog in 2016 driven by slower than expected confirmation of major infrastructure projects and appointment of specialist subcontractors including HDD, throughout 2016. Nevertheless, cost of services was 162 million Baht in 2016, compared to 145 million baht in 2015. This was due to the expansion plan into other segments besides HDD such as open-cut, manhole which has a significant lower margin than HDD. In addition, there was an idle cost (depreciation expense) from big machines for approximately 4.5 million Baht a month that still waiting to be utilized for the future projects. Additionally selling and administrative expenses were 46 million Baht in 2016 compared to 27 million Baht in 2015 mainly due to an increase in a due diligence expense related to project feasibility from its subsidiary of 8 million Baht in 2016.

Additionally, other income / (expenses) of (92) million Baht was attributed to an impairment of 120 million Baht from Lucent Energy as well as a reversal of bad debt expenses of 27 million Baht from a retrieval of debt.

In 2016, Strega, under a subsidiary named Lucent Energy Co.,Ltd made an agreement to purchase 6 solar plants which required a deposit of 120 million Baht. This deposit has a collateral of 4 solar power plants with value of greater than the deposits made. Since the conditions as specified in the agreement were not met by the seller, Strega cancelled the purchase agreement but has yet to receive the deposit. Nevertheless, we believe that the recoverable value of such shares is higher than the deposit amount. As valuation assessment of those collateral by third party is in progress as of audit report date, management and auditor deemed it appropriate to set aside the impairment for those collateral as a conservative approach. Once there is valuation assessment of the 4 solar power plants by third parties, we expect that such allowance can be reversed.

As such, Strega had a net loss of 206 million Baht in 2016 compared to a net profit of 24 million Baht in 2015.

Key Financial Position Summary

The Consolidated Statements of Financial Position THB million	31-Dec-16	31-Dec-15	Change
Cash And Cash Equivalents	350.1	617.4	(267.3)
Trade And Other Receivables, net	73.3	359.4	(286.1)
Property, plant and equipment, net	472.0	576.9	(104.9)
Total Assets	1,141.3	1,960.4	(819.1)
Trade And Other Payables, net	81.1	403.4	(322.3)
Total Liabilities	188.9	547.6	(358.7)
Total Parent's Equities	941.6	1,412.9	(471.3)

Total Assets was 1,141 million Baht in 2016 compared to 1,960 million Baht in 2015. The reduction in total assets of approximately 819 million Baht was attributed from the decrease of net working capital from the divestment of Spinwork Co.,Ltd and Media Event Design Co.,Ltd in 2016. Moreover, cash and cash equivalents was 350 million Baht as at 31 December 2016, which was decreased by 267 million Baht from 31 December 2015 primarily from operating activities totaling 95 million baht and investing activities totaling 181 Million Baht (comprised of a deposit for Lucent Energy of 120 million Baht, an increase of restricted cash of 24 million Baht, as well as equipment purchases of 22 million Baht for Strega). The decrease in property plant and equipment of 105 million Baht mainly due to a depreciation expense of 87 million Baht that was incurred in 2016 and the allowance for impairment of asset of 31 million Baht. Furthermore, other assets was reduced from an adjustment of deferred tax 20 million Baht were made as conservative approach

Total liabilities in 2016 was 189 million Baht compared to 2015 was 548 million Baht was mainly due to the divestment of Spinwork and Media Event Design. Total Equity attributable to equity holder of the Company was 942 million Baht in 2016 compared to million 1,413 Baht in 2015 was mainly from the operation, the divestment and allowance provision for impairment during the year 2016.