

Translation

UWC 031/2560

August 10, 2017

Subject : Management Discussion and Analysis for quarter 2-2017

To : President of the Stock Exchange of Thailand

Ua Withya Public Company Limited ("Company") would like to describe and analyze the financial position and operating results for quarter 2-2017 are summarized as follows.

Performance Analysis

For the Quarter 2-2017, the Company and its subsidiaries had total revenue of 304.05 million baht, an increase of 48.00 million baht or 18.75 percent, with the total net loss of 28.84 million baht or decreased 27.06 percent and net loss owners of the parent total 23.56 million baht or decreased 35.94 percent compared to the same period in 2016 had total revenues 256.05 million baht while the net loss of 39.54 million baht and net lost owners of the parent 36.78 million baht the overall operating results for the three-months period of year 2017 compare to the same period of year 2016 is shown in table 1 below.

Table 1 provides an overview of performance.

Unit : Million Baht

	Items	For the three-months ended 30 June			
		2017	2016	Increased (Decreased)	
				Amount	Percentage
1	Revenue from steel tower manufacturing	199.46	180.22	19.24	10.68
2	Revenue from sale of industrial equipment	3.53	5.08	(1.55)	(30.51)
3	Revenue from sale of agricultural product	10.30	13.66	(3.36)	(24.60)
4	Revenue from sale of electricity	80.11	50.86	29.25	57.51
5	Other income	10.65	6.23	4.42	70.95
6	Total Revenues	304.05	256.05	48.00	18.75
7	Total expenses	333.50	295.14	38.36	13.00
8	Profit(Loss) before income tax	(29.45)	(39.09)	9.64	(24.66)
9	Net Profit (Loss)	(28.84)	(39.54)	10.70	(27.06)
10	Net Profit (Loss) owners of the parent	(23.56)	(36.78)	13.22	(35.94)

1. Analysis of results of operations.

1.1 Income

In Quarter 2-2017 the Company and its subsidiaries had the total revenues of 304.05 million baht or 48.00 million baht increased when compare to the same period of 2016 as amounting of 256.05 million or 18.75 percent thus details are as follow:

- The Company's income from steel tower manufacturing of 199.46 million baht, an increase of 19.24 million baht or 10.68 percent compare to the same period in 2016 was 180.22 million baht
- The revenue from sale of industrial equipment of 3.53 million baht as 1.55 million baht decreased or 30.51 percent when compared to the same period in 2016 was 5.08 million baht
- The company and its subsidiaries has revenue from sale of agricultural product of 10.30 million baht as 3.36 Million Baht decreased or 24.60 percent when compared to same period of year 2016 of 13.66 Million Baht
- The company and its subsidiaries has revenue from sale of electricity of 80.11 million baht as 29.25 million baht increased or 57.51 percent when compared to same period of year 2016 of 50.86 million baht due to more sales volume in term of electricity
- The other income in quarter 2-2017 in the amount of 10.63 million baht or 3.50 percent of total revenues due to revenue from sales of scrap on raw material of 17.57 million baht, rental income from related company of 1.20 million baht, interest receive of 0.72 million baht, interest receive from related company of 2.37 million baht and others of 0.49 million baht

1.2 Cost and Expenses

In Quarter 2-2017, the company and its subsidiaries had gross margin 6.62 percent and net loss (9.49) percent of total revenues when compare to the same period in 2016 was gross margin 3.23 percent and net loss (15.08) percent of total revenues.

Table 2: Overview of costs, expenses and gross profit to revenue.

	Items	Amount (million baht) , %				Amount increased (decreased)	
		Q2/2017	Percent	Q2/2016	Percent	Million Baht	Percent
1	Total revenues	304.05	100.00	256.05	100.00	48.00	18.75
2	Cost of steel tower manufacturing and cost of sale	283.92	93.38	247.78	96.77	36.14	14.59
3	Gross profit	20.13	6.62	8.27	3.23	11.86	143.41
4	Sales and administrative expenses	37.98	12.49	33.76	13.18	4.22	12.50
5	(Loss) profit before finance cost and income tax	(17.85)	(5.87)	(25.49)	(9.96)	7.64	(29.97)
6	Financial cost	11.60	3.82	13.60	5.31	(2.00)	(14.71)
7	(Loss) profit before income tax	(29.45)	(9.69)	(39.09)	(15.27)	9.64	(24.66)
8	Income tax	(0.61)	(0.20)	0.45	0.18	(1.06)	(235.56)
9	(Loss) profit from continuing operations	(28.84)	(9.49)	(39.54)	(15.44)	10.70	(27.16)
10	Loss from discontinued operations	-	-	(0.93)	(0.36)	0.93	(100.00)
11	Net (Loss) profit	(28.84)	(9.49)	(40.47)	(15.81)	11.63	(28.74)
12	Net (Loss) profit shareholders of the parent	(23.56)	(8.30)	(36.78)	(14.84)	13.22	(35.94)

1.2.1 Gross Profit

In Quarter 2-2017, the Company and its subsidiaries had gross margin 6.62 percent. It was an increased compare to the same period of 2016, the gross margin 3.23 percent due at delivery in Quarter 2-2017 as more differentiate in term of profit.

1.2.2 Cost and Expenses

In Quarter 2-2017, the Company and its subsidiaries had a total cost and expenses 333.50 million baht, the expenses increased from 2016, with a total cost and expenses of 295.14 million baht, an increase of 38.36 million baht or 13 percent by the following reasons.

- Cost of steel tower manufacturing 186.45 million baht, an increase of 24.27 million baht as approximately increased of 14.97 percent when compared to the same period in 2016 in the amount of 162.18 million baht vary by amount of projects that the company has delivered to the customer.
- Cost of sale of industrial equipment 2.56 million baht, a decrease of 0.99 million baht or 27.88 percent compared to the same period in 2016 as amounting of 3.55 million baht
- Cost of sales of agricultural product 18.79 million baht, an increase of 0.84 million baht or approximately 0.05 percent compared to the same period in 2016 as amounting of 17.95 million baht by fluctuate from decrease of sales volume and same cost of production
- Cost of sale of electricity of 76.09 million baht as 12.00 million baht increased or 18.74 percent when compared to same period of year 2016 as amounting of 64.08 million baht by fluctuate in accordance with more sales volume.
- Selling expenses amounting of 2.52 million baht a decreased of 1.10 million baht or approximately 20.24 percent when compared to the same period of the year 2016 was 3.63 million baht.
- Administrative expenses amounting of 32.81 million baht, an increase of 3.88 million baht or approximately 13.43 percent increase when compared to the same period in 2016 as amounting of 28.92 million baht.
- Finance costs consist of interest expense and banking fee of 11.60 million baht, a decrease of 1.99 million baht or 14.68 percent decrease when compared to the same period in 2016 as amount of 13.59 million baht.

1.2.3 Net profit (Loss)

In Quarter 2-2017, the Company and its subsidiaries had a net loss of (28.84) million baht due to loss from major company as amount of (23.56) million baht and loss to non-controlling interests amount of (5.28) million baht as decreased loss of 11.63 million baht or equivalent 28.74 percent when compared to the same period in 2016 has net loss of (40.47) million baht was in loss to shareholders of the parent amount of (36.78) million baht.

2. Financial Analysis

Table 3 : Overview statement of financial position

	Items	Amount (Million baht)		Increased (decreased)	
		As of June 30,2017	As of December 31,2016	Million baht	Percent
1	Total Assets	3,600.17	3,601.56	(1.39)	(0.04)
2	Total Liabilities	1,499.01	1,453.92	45.09	3.10
3	Total Shareholders' Equity	2,101.16	2,147.64	(46.48)	(2.16)

2.1 Assets

As of June 30, 2017, the company and its subsidiaries had total assets of 3,600.17 million baht, a decreased from as of December 31, 2016, with total assets of 3,601.56 million baht, a decreased in the amount of 1.39 million baht, by following reasons.

- Cash and cash equivalents amount of 239.09 million baht had a net decrease of 215.62 million baht when compared to the same period in 2016 had in the amount of 454.71 million baht due to expense incurred for the rehabilitation of subsidiary's power plant, it can be implemented
- Trade and other receivables 523.53 million baht, an increase of 45.85 million baht, compare to the same period in 2016, which had amount of 477.68 million baht.
- Inventories, net of 493.89 million baht, an increase of 74.50 million baht, compare to the same period in 2016 which had the amount of 419.39 million baht.
- Other current assets 28.97 million baht, a net increase of 11.15 million baht compare to the same period in 2016 had the amount of 17.82 million baht, because of corporate income tax of year 2017.
- Had restricted cash at banks 42.72 million baht, an increase of 39.60 million baht, and compare to the same period in 2016, which had amount of 3.12 million baht because of for guarantee to issue contract guarantee letter to project clients.
- Has invested in 2 subsidiaries companies and 3 associated companies

- Property, land and equipment in the amount of 1,477.81 million baht and increase of 70.00 million baht, compared to the same period in 2016, which amounted of 1,407.81 million baht.
- Intangible assets in the amount of 399.84 million baht a decreased of 24.16 million baht, compared to the same period in 2016 which had the amount of 424.00 million baht.
- Other non-current assets of 22.80 million baht. A decreased of 21.26 million baht, compared to the same period in 2016 which was 44.06 million baht because of get a refund from corporate income tax of year 2012 and year 2015.

2.2 Liabilities

As of June 30, 2017, the Company and its subsidiaries had total liabilities of 1,499.01 million baht, an increase of 45.09 million baht from the same period in 2016, which was amount 1,453.92 million baht as increase from trade and other payables of 159.76 million baht, other current liabilities of 6.18 million baht, and liabilities under financial lease of 0.63 million baht, decrease of short term loan from financial institution of 119.17 million baht, employee benefit obligation of 0.45 million baht and deferred tax of 1.86 million baht.

2.3 Shareholders' Equity

As of June 30, 2017, the Company and its subsidiaries had a loss from operations 46.48 million baht. Resulting in the shareholders' equity decreased to 2,101.16 million baht from year 2016 which was 2,147.64 million baht.

Please be informed accordingly,

Yours sincerely,

Mr. Monthon Chatuwallopkul
Deputy of Managing Director