



Ref. ETE-60/126

November 13, 2017

The President of the Stock Exchange of Thailand

Subject: Submission of interim consolidated and separate financial information

for the nine-month period ended 30 September 2017

and management discussion and analysis

Eastern Technical Engineering Public Company Limited would like to submit interim consolidated and separate financial information for the nine-month period ended 30 September 2017 and management discussion and analysis. Please see the attached document for the information

Please be informed accordingly.

Sincerely yours,

Mr.Raivin Lekavorrnan

Chief Executive Officer

Management Discussion and Analysis

For the nine-month period ended September 30, 2017

The analysis of consolidated financial position as at 30 September 2017

Statement of financial position

	Consolidated financial information		(Unit : Million Baht)	
	30 September 2016	31 December 2016	Change	
Current assets	869.95	893.90	▼	(23.95)
Non-current assets	1,262.26	1,203.81	▲	58.45
Total assets	2,132.21	2,097.71	▲	34.50
Current liabilities	552.53	1,570.71	▼	(1,018.19)
Non-current liabilities	722.76	273.12	▲	449.64
Total liabilities	1,275.29	1,843.84	▼	(568.55)
Equity	856.93	253.87	▲	603.05

The group's assets increased by Baht 34.50 million, mainly due to the following reasons:

- Trade and other receivables increased by Baht 99.42 million, primarily due to the increase of trade receivables-third party of service of electricity engineering.
- Property, plant and equipment has increased Baht 30.22 million, as a result of assets for solar energy.
- Restricted cash decreased by Baht 65.24 million because repayment of short-term borrowings from financial institutions by using money gained from trading of its ordinary shares in the MAI stock exchange.
- Other current assets decreased by Baht 35.06 million. This was mainly caused by the reduction of input tax of solar cell and equipment for solar energy which has been gradually deducted from output tax during the 9 months.

The group's liabilities decreased by Baht 568.55 million, mainly due to the following reasons:

- Bank overdrafts and short-term borrowings from financial institutions decreased by Baht 590.43 million because repayment of short-term borrowings from financial institutions by using money gained from trading of its ordinary shares in the MAI stock exchange.
- Trade and other payables decreased by Baht 278.12 million due to repayment of payables of solar energy and trade payables of the existing businesses.
- Long-term borrowings from financial institutions rose by Baht 295.75 million due to the last drawdown of solar energy Baht 318.92 million and principle repayment started at million 23.17 baht

Equity of the group increased by Baht 603.05 million, mostly attributable to the following reasons:

- Issuance of ordinary shares amounted to Baht 70.00 million with net share premium of Baht 503.33 million.
- Total comprehensive income for 9 months Baht 43.42 million.
- Dividend paid Baht 16.80 million.

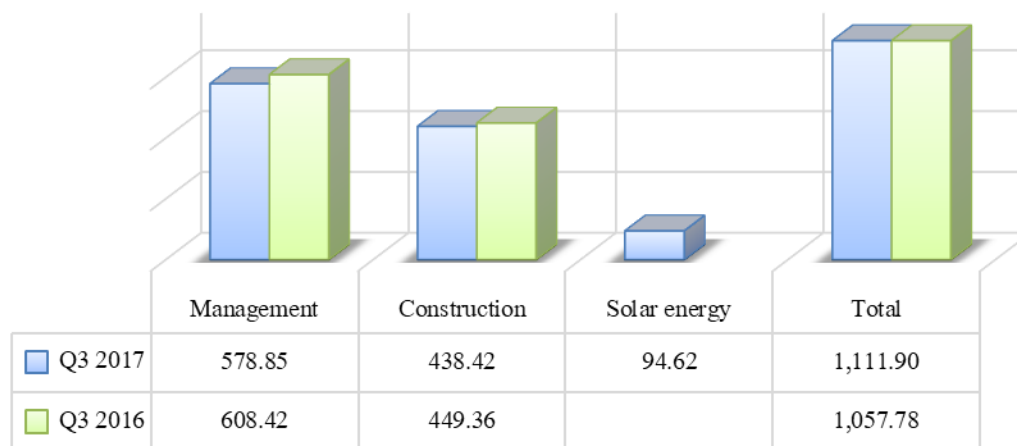
The analysis of operating result for nine months

Statement of comprehensive income for the nine-month period ended 30 September

	Consolidated financial information		(Unit : Million Baht)	
	2017	2016	Change	
Operating revenue	1,111.90	1,057.78	▲	54.11
Operating cost	941.45	914.88	▲	26.57
Gross profit	170.45	142.90	▲	27.54
Gross profit margin	15.33%	13.51%	▲	1.82%
Other income	4.77	3.67	▲	1.09
Selling expenses	2.66	4.73	▼	(2.07)
Administrative expenses	80.76	84.95	▼	(4.19)
Earnings before interest and tax	91.79	56.90	▲	34.89
Finance costs - Existing businesses	19.63	31.49	▼	(11.86)
Finance costs - Solar energy	26.33	1.80	▲	24.52
Profit before income tax	45.84	23.61	▲	22.23
Income tax expense	2.41	4.26	▼	(1.84)
Total comprehensive income	43.43	19.36	▲	24.07

Comparing accumulated operating results for 9 months with the same period of the prior year, the group's profits increased by Baht 24.07 million, due to the following reasons:

Revenue for nine months by business unit



Operating revenue for the nine-month period of 2017 is Baht 1,111.90 million, which is increased by Baht 54.11 million. Compared to the same period of prior year, operating revenue is Baht 1,057.78 million due to the reduction of revenue from management service of Baht 29.57 million and reduction of revenue from engineering service of Baht 10.93 million, whereas revenue from solar energy began to recognize in 2017 amounted to Baht 94.62 million.

Nonetheless, the group's operating profit margin has increased because 1. management renew the management service contracts with appropriate profit margin only 2. solar energy which is a new business has higher gross profit margin than 2 existing businesses. Consequently, overall gross profit margin profit has increased.

Operating results classified by business are as follows:

Management service

Financial performance of management service for the nine-month period

	Consolidated financial information		(Unit : Million Baht)	
	2017	2016	Change	
Revenue from management service	578.85	608.42	▼	(29.57)
Cost of management service	531.38	570.65	▼	(39.27)
Gross profit	47.48	37.78	▲	9.70
Gross profit margin	8.20%	6.21%	▲	1.99%

Revenue from management service decreased by Baht 29.57 million because the Management decided to renew the contracts with the projects that have appropriate gross profit margin only.

Engineering service

Financial performance of construction service for the nine-month period

	Consolidated financial information		(Unit : Million Baht)	
	2017	2016	Change	
Revenue from construction service	438.42	449.36	▼	(10.93)
Cost of construction service	359.20	342.34	▲	16.86
Gross profit	79.23	107.01	▼	(27.79)
Gross profit margin	18.07%	23.82%	▼	-5.74%

Revenue from engineering service decreased by Baht 10.93 million because of telecommunication engineering. Gross profit margin of engineering service decreased from 23.82% to 18.07% due to the telecommunication engineering service, which has the highest gross profit margin approximately 20-30 percent. However, the group has revenue from construction engineering which is a new business of the group. Which mitigate negative impact of decrease in revenue of telecommunication engineering service.

Solar Energy Business

Financial performance of solar energy for the nine-month period

	Consolidated financial information		(Unit : Million Baht)	
	2017	2016	Change	
Revenue from solar energy	94.62	-	▲	94.62
Cost of solar energy	50.88	1.89	▲	48.99
Gross profit	43.74	(1.89)	▲	45.63
Gross profit margin	46.23%		▲	46.23%

Revenue from solar energy business increased by Baht 94.62 million due to beginning of solar energy revenue recognition since January 2017 at the generating capacity of 16.47 MW.

Selling and administration expenses

Selling expenses decreased by Baht 2.07 million due to changes in procurement regulations by the government. These changes also affect to the bidding expenses to be reduced.

Administrative expenses decreased by Baht 4.19 million due to decline of Front end fee. The company also has a better management in credit line for the group of the company. Moreover, audit fees also decline because in 2016 the company prepared to be a listed company, which has an expense of last 3 years pro-forma financial information.

Other expenses

Finance costs decreased by Baht 11.86 million, due to the repayment of short-term loan by using money from the initial public offering.

Finance costs for the solar energy increased by Baht 24.52 million, due to the started operation in 2017.

Income tax expense reduced by Baht 1.84 million while nine-month accumulation profit before tax in 2017 is higher than 2016, this is because the group receives benefits from BOI for solar energy.

The analysis of operating result for three months

Statement of comprehensive income for the three-month period (compared with the prior quarter)

	Consolidated financial information		(Unit : Million Baht)	
	Quarter 3, 2017	Quarter 2, 2017	Change	
Operating revenue	404.67	355.86	▲	48.82
Operating cost	344.76	302.81	▲	41.95
Gross profit	59.91	53.05	▲	6.87
Gross profit margin	14.81%	14.91%	▼	-0.10%
Other income	0.97	0.29	▲	0.68
Selling expenses	0.53	0.35	▲	0.17
Administrative expenses	28.47	29.90	▼	(1.44)
Earnings before interest and tax	31.89	23.08	▲	8.81
Finance costs - Existing businesses	4.33	4.46	▼	(0.13)
Finance costs - Solar energy	9.57	9.48	▲	0.09
Profit before income tax	17.99	9.14	▲	8.84
Income tax expense	0.49	0.50	▼	(0.01)
Total comprehensive income	17.49	8.64	▲	8.85

Comparing the operating results of 3 present months (Q3/2017) and 3 previous months (Q2/2017), Operating income increased by Baht 48.82 million because of many reasons. Firstly, revenue from management service slightly increased by Baht 5.75 million, due to contract renewable which lead contract value increased. Secondly, Revenue from engineering service increased by Baht 44.64 million, due to the increase of revenue in electrical engineering, telecommunication engineering and also construction service which is a new business of a group. Lastly, revenue from solar energy declined by Baht 1.56 million because of rainy season.

However, gross profit increased by Baht 6.86 million, which is slightly decrease from 14.91% in quarter 2/2017 to 14.80% in quarter 3/2017. The preliminary reason is the increase in electrical and construction engineering revenue, which has low profit margin than telecommunication engineering.

Selling expenses slightly increased by Baht 0.17 million compared to the previous quarter, due to bidding expenses in both management service and engineering service.

Administrative expenses decreased by Baht 1.44 million compared to the previous quarter, primarily due to quarter 3/2017, there is no expense of investment in 2 new subsidiaries and also expenses of arrangement of shareholders' meeting.

Finance costs – existing businesses decreased by Baht 0.13 million, due to cash flow management by management team. Whereas, finance costs – solar energy increased by Baht 0.09 million compared to the previous quarter, due to receive last amount of long-term borrowings from financial institutions in end of quarter 2/2017

Income tax expense reduced by Baht 0.01 million, compared to previous quarter while profit before income tax is increased. This is due to obtaining tax benefits from BOI certificate and IPO expenses.