

Translation

CEN 025-2017

November 13, 2017

Subject : Management Discussion and Analysis for business operation of quarter 3/2017  
To The Manager and President  
The Stock Exchange of Thailand

For 3 months period ended September 30, 2017 of Capital Engineering Network Public Company Limited (“Company”) and its subsidiaries as profit 26.59 Million Baht as 73.99 Million Baht increased when compared to the same period of previous year which has loss of 47.40 Million Baht. The details are as follow:

#### Performance Analysis

##### (1) Revenue

Total revenue for company and its subsidiaries in quarter 3-2017 equals to 572.67 Million Baht or 123.03 Million Baht (27.36%) increased when compared to same period of previous which had total revenue of 449.64 Million Baht. The details are as follow:

- Revenue from sales of 384.58 Million Baht as 118.29 Million Baht or 44.42% increase when compared to same period of previous year which has total revenue of 266.29 Million Baht thus subsidiaries (Rayong Wire Industries PCL) has more sale volume and Ua Withya PCL has more revenue from selling electricity to Provincial Electricity Authority in Nakhon Ratchasima province and also more revenue from selling electricity of factory in Buriram province.
- Revenue from services of 178.24 Million Baht as 6.29 Million Baht increased or 3.66% when compared to same period of previous year which has total revenue of 171.95 Million Baht due to increases in deliver.
- Other revenue of 23.95 Million Baht as 1.94 Million Baht increased or 8.67% when compared to same period of previous year which has total revenue of 22.04 Million Baht (sales scrap materials)

## (2) Gross Profit

The gross profit of company and its subsidiaries for quarter 3-2017 from sales products and services of 16.81 Million Baht or 2.99% decrease when compared to same period of previous year as profit of 5.26% due to revenue from selling more high tension steel and more distribution of electricity to Provincial Electricity but somehow there are some burden cost from one power plant in Buriram province which is during the repairing the damages of equipment during the power generation therefore resulting in decline of gross profit.

## (3) Expenses

The company and its subsidiaries in quarter 3-2017 has total expenses of 627.54 Million Baht as 227.44 Million Baht increased from 2016 as total expenses of 400.11 Million Baht as 56.84% increased by following reasons

- Cost from selling products of 382.71 Million Baht as 122.56 Million Baht increased or 47.11% when compared to same period of previous year of 260.15 Million Baht by vary from project deliver to customers, some burden cost from power plant in Buriram province.
- Cost of service as amount of 163.30 Million Baht as 155.06 Million Baht increased or 5.31% when compared to same period of previous year of 8.24 Million Baht by fluctuated from project deliver to customers
- Cost of administrative of 57.87 Million Baht as 0.73 Million baht decreased when compared to same period of previous year of 58.60 Million Baht
- Declining in other expenses of 97.49 Million Baht due to quarter 3-2016 on reversal of allowance for doubtful loans account to Thansettakij Shareholders' of 57.12 Million Baht, accrued interest of 4.67 Million Baht and impairment on long term investment of 35.70 Million baht. Moreover the company has sold Thansettakij shares and received principle together with interest from borrows (shareholders of Thansettakij Company Limited)
- Financial cost of 14.55 Million Baht as 0.41 Million Baht decreased or 2.74% when compared to same period of previous year of 14.96 Million Baht

## Financial Status

As at September 30, 2017 Company and its subsidiaries has total assets of 6,146.14 Million Baht as 218.51 Million Baht increased when compared to December 31, 2017 as amount of 5,927.63 Million Baht by following reasons:

- Total current assets equal to 2,532.15 Million Baht as 182.09 Million Baht increased when compared to period of December 31, 2016 as amounting of 2,350.06 Million Baht by more short term loan of 155.09 Million Baht, trade receivable and other debtor of 142.15 Million Baht (more external trade account receivable of 181.68 Million Baht and other debtor of 3.70 Million Baht thus decline in accrued income of 30.03 Million Baht and prepaid expenses off 10.43 Million Baht), more left in stock of 183.25 but decline in cash of 330.82 Million Baht
- Total non-current assets equals to 3,613.99 Million Baht as 36.42 Million Baht increased when compared to period of December 31, 2016 as amount of 3,577.57 Million Baht – Ua Withya PCL. has more deposit secured of 39.60 Million Baht in order to guarantee employment contract to customer on project and UWC has more invested with affiliate company of 7.27 Million Baht and more fixed asset of 139.95 Million Baht thus decline depreciation of 94.49 Million Bath and disposal of intangible assets of 36.80 Million Baht

## Source of Funding

### Liabilities

- As at September 30, 2017 the company has total liabilities of 2,015.31 Million Baht as 93.15 Million Baht increased when compared to December 31, 2016 as amount of 1,922.16 Million Baht thus company and its subsidiaries has decline in short term loans from financial institution of 93.58 Million Baht, more trade account payable and other payable of 179.79 Million Baht (more external account payable of 176.79 Million Baht as purchase more raw materials of 25.16 Million Baht, reduce in expenses of 19.04 Million Baht) more income tax payable of 18.38 Million Baht and subsidiary (Enesol) has repayment of long term loans as amount of 18.72 Million Baht

### Proportion of Shareholders

As at September 30, 2017 the company has proportion of shareholders of 2,587.95 Million Baht as 144.00 Million Baht increased when compared to December 31, 2016 of 2,443.95 Million Baht due to changes in proportion in subsidiaries and decline in loss from business operation.

Please be informed for acknowledgement,

Sincerely yours,

Mr. Wutichai Leenabanchong

Chairman