



Ref. ETE-61/006

February 23, 2018

The President of the Stock Exchange of Thailand

Subject: Submission of consolidated and separate financial information

and management discussion and analysis for the years period ended 31 December 2017

Eastern Technical Engineering Public Company Limited would like to submit consolidated and separate financial information for the years period ended 31 December 2017 and management discussion and analysis.

Please see the attached document for the information

Please be informed accordingly.

Sincerely yours,

Mr.Raivin Lekavorranan

Chief Executive Officer

Management Discussion and Analysis for the year ended December 31, 2017

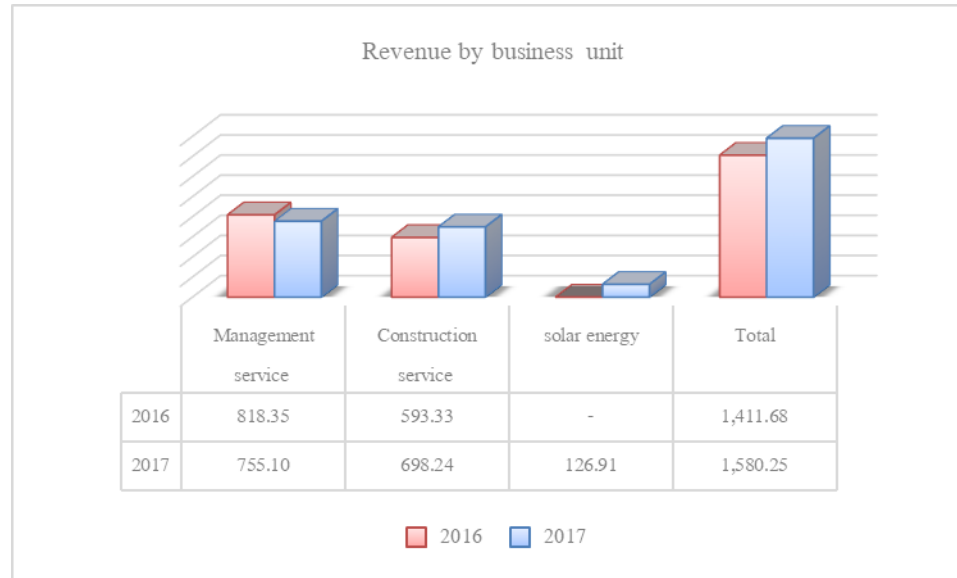
[The analysis of operating result for the year ended 31 December 2017](#)

Statement of comprehensive income for the year ended 31 December

	Consolidated financial information		(Unit : Million Baht)			
	2017	2016		Change		% Change
Operating revenue	1,580.25	1,411.68	▲	168.58	▲	11.94%
Operating cost	1,335.73	1,217.44				
Gross profit	244.53	194.24	▲	50.28	▲	25.89%
Gross profit margin	15.47%	13.76%				
Other income	5.33	4.73				
Selling expenses	3.36	9.99	▼	(6.63)	▼	-66.39%
Administrative expenses	111.43	108.51	▲	2.92	▲	2.69%
Earnings before interest and tax	135.08	80.47				
Finance costs - Existing businesses	23.05	44.03	▼	(20.98)	▼	-47.64%
Finance costs - Solar energy	35.69	-	▲	35.69		
Profit before income tax	76.34	36.45				
Income tax expense	6.29	5.17				
Profit for the year	70.04	31.28	▲	38.76	▲	123.91%

Comparing accumulated operating results with the same period of the prior year, the group's profits increased by Baht 38.76 million or 123.91%, due to the following reasons:

Operating revenue of the year 2017 is increased Baht 168.58 million from Baht 1,411.68 million to Baht 1,580.25 million, which is increased by 11.94% due to additional revenue of engineering service in 2017 and revenue from solar energy began to recognize in 2017.



The gross profit has increased by 25.89%, from Baht 194.24 Million in 2016 to Baht 244.53 million in 2017, due to following reasons:

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 year

	Consolidated financial information		(Unit : Million Baht)	
	2017	2016	Change	% Change
Revenue from management service	755.10	818.35	▼ (63.25) ▼	-7.73%
Cost of management service	692.56	762.24		
Gross profit	62.54	56.12	▲ 6.42 ▲	11.44%
Gross profit margin	8.28%	6.86%		

Revenue from management service decreased by 7.73% or Baht 63.25 Million, from Baht 818.35 million in 2016 to Baht 755.10 million in 2017. Whereas, the profit from management service increased by

11.44%, from Baht 56.12 million in 2016 to Baht 62.54 million in 2017 due to 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 year

	Consolidated financial information				(Unit : Million Baht)	
	2017	2016		Change		% Change
Revenue from construction service	698.24	593.33	▲	104.92	▲	17.68%
Cost of construction service	574.92	451.51				
Gross profit	123.32	141.82	▼	(18.50)	▼	-13.04%
Gross profit margin	17.66%	23.90%				

Revenue from engineering service increased by Baht 104.62 million, due to following reasons:

1. Engineering business has entered into construction service
2. Revenue recognized from large project of engineering service.

However, gross profit margin of engineering service decreased from 23.90% to 17.66%. The revenue of telecommunication engineering has declined due to high competition and high gross profit margin. Consequently, overall gross profit margin profit has decreased. Whereas, the group began to recognize 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 year

	Consolidated financial information				(Unit : Million Baht)	
	2017	2016		Change		
Revenue from solar energy	126.91	-	▲	126.91		
Cost of solar energy	68.25	3.69				
Gross profit	58.67	(3.69)	▲	62.36		
Gross profit margin	46.23%					

Revenue from solar energy business increased by Baht 126.91 million with gross profit margin 46.23%. Solar energy business shows a higher gross profit margin than other businesses of the group. However, the group began to recognize revenue since January 2017 at the generating capacity of 16.47 MW.

Selling and administration expenses

Selling expenses decreased by Baht 6.63 million due to the cost control policy of the group.

Administrative expenses increased by Baht 2.92 million due to increasing in listed company expenses.

Financial Cost

Finance costs of existing businesses decreased by Baht 20.98 million, due to the repayment of short-term loan by using money from the initial public offering.

The Solar energy business started operation in Jan 2017, therefore finance costs for the solar energy increased by Baht 35.69 million, mainly due to the group using a loan from financial institute.

For the year ended December 31, 2017

Statement of Financial Position

	Consolidated financial information		(Unit : Million Baht)	
	31 December	31 December		
	2017	2016	Change	
Current assets	945.33	893.90		
Non-current assets	1,334.99	1,203.81		
Total assets	<u>2,280.32</u>	<u>2,097.71</u>	▲	182.61
Current liabilities	692.25	1,570.71		
Non-current liabilities	704.53	273.12		
Total liabilities	<u>1,396.78</u>	<u>1,843.84</u>	▼	(447.06)
Equity	883.54	253.87	▲	629.67

The group's assets increased by Baht 182.61 million, mainly due to the following reasons:

- Trade and other receivables increased by Baht 189.31 million, primarily due to the increase of trade receivables-third party of electricity engineering and construction engineering projects.
- Inventory has increased Baht 23.72 million. It increased from product in process of trading business, new business of subsidiary, which will be recognized revenue in quarter 1 and quarter 2 of 2018.
- Property, plant and equipment has increased Baht 17.65 million, as a result of assets for solar energy.
- Restricted cash decreased by Baht (34.36) million because of mainly declined in revenue department receivable.
- Restricted cash decreased by Baht (15.58) million. This was mainly caused by the group repayment of short-term borrowings from financial institutions by using money gained from trading of its ordinary shares in the MAI stock exchange.

The group's liabilities decreased by Baht (447.06) million, mainly due to the following reasons:

- Bank overdrafts and short-term borrowings from financial institutions decreased by Baht (506.68) 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 (229.78) 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 276.28 million from solar energy business.

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 70.04 million, which classify into legal reserve Baht 2.32 million and dividend paid Baht 16.80 million.
- Non-controlling interests Baht 3.09 million.