

No. Demco AC002/2018

February 28, 2018

Subject : The company's operating result of the year 2017.

To : The president,  
The Stock Exchange of Thailand.

Demco Public Company Limited would like to inform you herewith the company result of the year 2017 according to the company's consolidated financial statement ended December 31, 2017. The conclusions are as follow;

1. Revenue : The total revenue of the year 2017 was Baht 4,480.60 million representing a decrease 39.72% comparing to the total revenue of Baht 7,433.45 million of year 2016.

The revenue form service business was decreased of Baht 3,140.58 million or 45.73% comparing to the revenue from services business of Baht 6,867.26 million of the year 2016. Revenue from services business of the year 2016 was Baht 3,726.68 million. The significant decrease due to the reduction of the revenue construction works of renewable energy power plants projects of private sector.

The revenue from sale business was increased of Baht 200.56 million or 40.14% comparing to the revenue from sales business of Baht 499.68 million of year 2016. The revenue from services business of the year 2017 was Baht 700.24 million. The revenue was increased from sales of high voltage of transmission line towers to EGAT and PEA and telecommunication tower.

2. Gross profit: The total gross profit of the year 2017 was Baht 553.42 million representing an increase of 10.14 % of the total gross profit of the year 2016 of Baht 502.49 million. The gross profit rate was increased from 6.76% to 12.35%. The profit detail was as follow;

The gross profit from service business was decreased from Baht 436.65 million of the year 2016 to Baht 415.94 million of the year 2017 or 4.74% decreased. Considering in the gross profit rate, it was increased from 6.36% to 11.16% because mainly revenue recognition of the year 2017 was substations construction projects that caused high gross profit rate while last year was renewable energy construction projects.

The gross profit from sale business was increased from loss of Baht 0.68 million of the year 2016 to profit of Baht 83.80 million of the year 2017 or 100% increase. Considering in the gross profit rate, it was increased from loss of 0.14% to profit of 11.97%. The increased gross profit rate was from sales of telecommunication towers and high voltage of transmission line towers.

3. Sales and administrative expenses: Sales and administrative expenses of the year 2017 was Baht 487.02 million decreased of Baht 329.16 million when comparing to the year 2016 which was Baht 816.18 million or 40.33% as follow:

Sales and administrative expenses (Normal entry) was Baht 390.34 million which increased 21.82% comparing to the year 2016 of Baht 320.43 million.

Sales and administrative expenses (Special entry) was Baht 96.67 million which decreased 80.50% comparing to the year 2016 of Baht 495.75 million.

Details of the costs involving to the WTGs foundation improvement for Huay Bong 2&3 Wind Farm as at December 31, 2017 are as shown in the table.

Description	Estimated total improvement cost (as of year 2016)	Estimate and cost for accounting recorded in 2017	Estimated total improvement cost (as of year 2017)	Aggregate actual cost ended as of December 31, 2017	Estimated Improvement cost (For remaining works) As at December 31, 2017
Improvement cost	608.43	36.92	645.35	484.64	160.71
Re-design cost, advisor cost, insurance, etc.	93.72	-	93.72	73.55	20.17
Sub-total cost	702.15	36.92	739.07	558.19	180.88
Compensation for Loss of production cost	696.57	59.75	756.32	756.32	-
Total cost	1,398.72	96.67	1,495.39	1,314.51	180.88
Deduct owners' compensation	(30.00)	-	(30.00)	-	(30.00)
Net cost	1,368.72	96.67	1,465.39	1,314.51	150.88

4. Net profit: the net profit of the year 2017 is Baht 65.59 million representing an increase of 140.79% of the net loss of the year 2016 of Baht 160.77 million mainly due to the reduction of cost of sales and service. In the year 2017, the company recorded shared profit from the investment in associate company of amount Baht 163.06 million. The net profit rate was increased from loss of 2.16% to profit of 1.46%.

5. The projects under construction have not yet delivered to the owner at February 28, 2018 are as follows;

	Quantity (Projects)	Amount (Million Baht)
Electrical Power System	76	3,901.04
Telecommunication & Signaling	2	188.86
Renewable Project	4	215.60
<b>Total</b>	<b>82</b>	<b>4,305.50</b>

Please be informed accordingly,

Yours sincerely,

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 Paitoon Gumchai  
 Director and The Company's Secretary  
 Authorized sign on behalf of the Company