

Translation
CEN 024-2018

May 15, 2018

Subject : Management Discussion and Analysis for quarter 1-2018
To : The Manager and President

Business operation for 3 month period as ended March 31, 2018 of Capital Engineering Network Public Company Limited “company” and subsidiaries has a revenue of 45.09 Million Baht as 48.36 Million Baht increased when compared to same period of previous year which has loss of 3.27 Million Baht by following details:

Performance Analysis

(1) Revenue

Quarter 1-2018 the company and its subsidiaries has total revenue of 736.60 Million Baht as 74.97 Million Baht increased or 11.33% when compared to same period of previous year which has revenue of 661.63 Million Baht by following details:

- Revenue from sale as amounting of 443.73 Million Baht as 41.75 Million Baht or 10.39% increase when compared to same period of previous year as revenue of 401.97 Million Baht (subsidiary has more revenue from sale on wire and UWC has more revenue from selling electricity to Provincial Electricity Authority)
- Revenue from services as amounting of 184.41 Million Baht as decreased of 68.57 Million Baht or 27.10% when compared to same period of previous year as revenue of 252.98 Million Baht due to less projects deliver
- Gain on sales of current investments as amounting of 91.32 Million Baht as revenue from sales of current investment of 4.04 Million Baht and unrealized gain of 87.28 Million Baht
- Other revenue of 17.15 Million Baht as 2.84 Million Baht or 14.21% decreased when compared to same period of previous year which has revenue of 19.99 Million Baht

(2) Gross Profit

Quarter 1-2018 the company and its subsidiaries has gross profit from sale products and services as amounting of 7.13 Million Baht or 1.14% when compared to same period of previous year which has a profit off 14.37% due to cost of raw materials for wire has adjusted which higher than sales price and allowance for diminution in value of inventories has been recorded because of inventory deterioration which cannot be sold at market price. Moreover, subsidiary of UWC located at Buriram Province started to

sell electricity as a result, the cost is higher than normal operation at the meantime quarter 1-2018 no electricity has been sold yet.

(3) Expenses

Quarter 1-2018 the company and its subsidiaries has total expenses of 703.52 Million Baht as 49.26 Million Baht decreased when compared to same period of previous year which has total expenses of 654.26 Million Baht or 7.52% decreased by following reasons:

- Cost of sale (Products) as amounting of 455.23 Million Baht (123.34 Million Baht or 37.16% increased) when compared to same period of previous year as amounting of 331.89 Million Baht by fluctuating from increase in sale volume
- Cost from services as amounting of 165.77 Million Baht (63.18 Million Baht or 27.60% decreased) when compared to same period of previous year which has amounting of 228.95 Million Baht by fluctuating from project deliver to customer
- Administrative expenses amounting of 52.46 million baht, a decrease of 16.79 million baht when compared to the same period of previous year as amounting of 69.25 Million baht due to subsidiary (Ua Withya Public Company Limited) allowance for doubtful accounts has been reversed EMC Public Company Limited (related company) as amounting of 14.12 Million Baht
- Financial cost as amounting of 16.21 Million Baht increased of 1.81 Million Baht or 12.57% when compared to same period of previous year which has amounting of 14.40 Million Baht due to subsidiary (Ua Withya Public Company Limited) has increased in term of interest from loan

Financial Status

As at March 31, 2018 the company and its subsidiaries has total asset of 6,170.12 Million Baht as 117.15 Million Baht when compared to December 31, 2017 which has total asset of 6,052.97 Million Baht due to following reasons:

- Current assets as amounting of 2,779.38 Million Baht (138.39 Million Baht increased) when compared to December 31, 2017 as amount of 2,640.99 Million Baht by having more cash and cash equivalents of 108.62 Million Baht. By this, the reason came from subsidiary (Rayong Wire Industries Public Company Limited has reserve cash for payment of raw materials and more inventory of 149.66 Million Baht. Trade and other receivables decreased of 197.48 Million Baht (increased in outsourced of 22.85 Million Baht, advance payment of 43.10 Million Baht thus decreased from trade receivable of 97.33 Million Baht and trade receivable in term of related company (EMC) payback to UWC of 170.00 Million Baht

- Non-current assets as amounting of 3,390.73 Million Baht (21.26 Million Baht decreased when compared to December 31, 2017 as amounting of 3,411.99 Million Baht thus the company has fixed asset of 45.21 Million Baht which decreased from depreciation of 37.06 Million Baht and cut off intangible asset of 11.71 Million Baht

Source of Funds

Liabilities

- As at March 31, 2018 the company has total liabilities of 2,214.43 Million Baht as 77.64 Million Baht increased when compared to December 31, 2017 as amounting of 2,136.79 Million Baht by subsidiary has increased in short term loan from financial institution of 171.30 Million Baht, trade and other payables of 43.36 Million Baht (more outsource trade payable of 26.20 Million Baht), more advance receive of 13.24 Million Baht (more outsource trade payable of 7.59 Million Baht) more loan from outsource of 70.00 Million Baht, decreased in long term loan of 200.00 Million Baht, subsidiary (Enesol Company Limited) has payback long term of 6.24 Million Baht

Shareholders' equity

- As at March 31, 2018 the company has shareholders' equity of 2,525.62 Million Baht as 52.53 Million Baht increased when compared to December 31, 2017 as amount off 2,473.09 Million Baht due to the company has more profit from business operation

Please be informed for acknowledgement,

Sincerely yours,

Mr. Wutichai Leenabanchong

Chairman