

Translation

UWC 028/2018

August 10, 2018

Subject : Management Discussion and Analysis for quarter 2-2018

To : President of the Stock Exchange of Thailand

Ua Withya Public Company Limited ("Company") would like to describe and analyze the financial position and operating results for quarter 2-2018 are summarized as follows.

### Performance Analysis

For the Quarter 2-2018, the Company and its subsidiaries had total revenue of 373.61 million baht, an increase of 69.16 million baht or 2.75 percent, with the total net loss of 34.98 million baht or increased 21.29 percent and net loss owners of the parent total 30.88 million baht or decreased 31.07 percent compared to the same period in 2017 had total revenues 304.05 million baht while the net loss of 28.84 million baht and net loss owners of the parent 23.56 million baht the overall operating results for the three-months period of year 2018 compare to the same period of year 2016 is shown in table 1 below.

Table 1 provides an overview of performance.

Unit : Million Baht

	Transaction	For the three-months ended 30 June			
		2018	2017	Increased (Decreased)	
				Amount	Percentage
1	Revenue from projects	242.37	199.46	42.91	21.51
2	Revenue from sale of industrial equipment	2.70	3.53	(0.83)	(23.51)
3	Revenue from sale of other products	1.81	10.30	(8.49)	(82.43)
4	Revenue from sale of electricity	114.56	80.11	34.45	43.00
5	Other income	11.77	10.65	1.12	10.52
6	Total Revenues	373.21	304.05	69.16	22.75

7	Total expenses	411.13	333.50	77.63	23.28
8	Profit(Loss) before income tax	(37.92)	(29.45)	(8.47)	28.76
9	Net Profit (Loss)	(34.98)	(28.84)	(6.14)	21.29
10	Net Profit (Loss) owners of the parent	(30.88)	(23.56)	(7.32)	31.07

## 1. Analysis of results of operations.

### 1.1 Income

In Quarter 2-2018 the Company and its subsidiaries had the total revenues of 373.21 million baht or 69.16 million baht increased when compare to the same period of 2017 as amounting of 304.05 million or 22.75 percent thus details are as follow:

- The Company's income from projects of 242.37 million baht, an increase of 42.91 million baht or 21.51 percent compare to the same period in 2017 was 199.46 million baht
- The revenue from sale of industrial equipment of 2.70 million baht as 0.83 million baht decreased or 23.51 percent when compared to the same period in 2017 was 3.53 million baht
- The company and its subsidiaries has revenue from sale of other product of 1.81 million baht as 8.49 million baht decreased or 82.43 percent when compared to same period of year 2017 of 10.30 Million Baht
- The company and its subsidiaries has revenue from sale of electricity of 114.56 million baht as 34.45 million baht increased or 43 percent when compared to same period of year 2017 of 80.11 million baht due to more sales volume in term of electricity
- The other income in quarter 2-2018 in the amount of 11.77 million baht or 3.15 percent of total revenues due to revenue from sales of scrap on raw material of 9.79 million baht, rental income from related company of 0.60 million baht, interest receive of 0.64 million baht, interest receive from related company of 0.12 million baht and others of 0.60 million baht

### 1.2 Cost and Expenses

In Quarter 2-2018, the company and its subsidiaries had gross margin 4.90 percent and net loss (9.37) percent of total revenues when compare to the same period in 2017 was gross margin 6.62 percent and net loss (9.49) percent of total revenues.

Table 2: Overview of costs, expenses and gross profit to revenue.

	Items	Amount (million baht) , %				Amount increased (decreased)	
		Q2/2018	Percent	Q2/2017	Percent	Million Baht	Percent
1	Total revenues	373.21	100.00	304.05	100.00	69.16	22.75
2	Cost of steel tower manufacturing and cost of sale	354.91	95.10	283.92	93.38	70.99	25.00
3	Gross profit	18.30	4.90	20.13	6.62	(1.83)	(9.09)
4	Sales and administrative expenses	38.31	10.26	37.98	12.49	0.33	0.87
5	Profit (loss) before finance cost and income tax	(20.01)	(5.36)	(17.85)	(5.87)	(2.16)	12.10
6	Financial cost	17.91	4.80	11.60	3.82	6.31	54.40
7	Profit (loss) before income tax	(37.98)	(10.16)	(29.45)	(9.69)	(8.47)	28.76
8	Income tax (expense) income	2.94	0.79	(0.61)	(0.20)	3.55	(581.97)
9	Net profit (loss)	(34.98)	(9.37)	(28.84)	(9.49)	(6.14)	21.29
10	Net profit (loss) shareholders of the parent	(30.88)	(8.70)	(23.56)	(8.30)	(7.32)	31.07

### 1.2.1 Gross Profit

In Quarter 2-2018, the Company and its subsidiaries had gross margin 4.90 percent. It was a decreased compare to the same period of 2017, the gross margin 6.62 percent

### 1.2.2 Cost and Expenses

In Quarter 2-2018, the Company and its subsidiaries had a total cost and expenses 411.13 million baht, the expenses increased from 2017, with a total cost and expenses of 333.50 million baht, an increase of 77.63 million baht or 23.28 percent by the following reasons.

- Cost of steel tower manufacturing 220.27 million baht, an increase of 33.81 million baht as approximately increased of 18.13 percent when compared to the same period in 2017 in the amount of 186.45 million baht vary by amount of projects that the company has delivered to the customer.
- Cost of sale of industrial equipment 1.81 million baht, a decrease of 0.75 million baht or 29.50 percent compared to the same period in 2017 as amounting of 2.56 million baht
- Cost of sales of other product 11.03 million baht, a decrease of 7.76 million baht or approximately 41.28 percent compared to the same period in 2017 as amounting of 18.79 million baht by fluctuate from decrease of sales volume and same cost of production
- Cost of sale of electricity of 121.79 million baht as 45.70 million baht increased or 60.05 percent when compared to same period of year 2017 as amounting of 76.09 million baht by fluctuate in accordance with more sales volume.
- Selling expenses amounting of 1.47 million baht a decreased of 1.05 million baht or approximately 41.70 percent when compared to the same period of the year 2017 was 2.52 million baht.
- Administrative expenses amounting of 32.18 million baht, a decrease of 0.63 million baht or approximately 1.94 percent increase when compared to the same period in 2017 as amounting of 32.81 million baht.
- Finance costs consist of interest expense and banking fee of 17.92 million baht, an increase of 6.31 million baht or 54.43 percent increase when compared to the same period in 2017 as amount of 11.60 million baht.

### **1.2.3 Net profit (loss)**

In Quarter 2-2018, the Company and its subsidiaries had a net loss of (34.98) million baht due to loss from major company as amount of (30.88) million baht and loss to non-controlling interests amount of (4.10) million baht as increased loss of 6.14 million baht or equivalent 21.29 percent when compared to the same period in 2017 has net loss of (28.84) million baht was in loss to owners of the parent amount of (23.56) million baht.

## 2. Financial Analysis

Table 3 : Overview statement of financial position

	Items	Amount (Million baht)		Increased (decreased)	
		As of June 30,2018	As of December 31,2017	Million baht	Percent
1	Total Assets	3,433.40	3,561.21	(127.81)	(3.59)
2	Total Liabilities	1,604.61	1,662.64	(58.03)	(3.49)
3	Total Shareholders' Equity	1,828.79	1,898.57	(69.78)	(3.68)

### 2.1 Assets

As of June 30, 2018, the company and its subsidiaries had total assets of 3,433.40 million baht, a decreased from as of December 31, 2017, with total assets of 3,561.21 million baht, a decreased in the amount of 127.81 million baht, by following reasons.

- Cash and cash equivalents amount of 106.33 million baht had a net increase of 3.21 million baht when compared to the same period in 2017 had in the amount of 103.11 million baht
- Trade and other receivables 483.56 million baht, a decrease of 165.09 million baht, compare to the same period in 2017, which had amount of 648.66 million baht.
- Inventories, net of 684.86 million baht, an increase of 88.54 million baht, compare to the same period in 2017 which had the amount of 596.32 million baht.
- Other current assets 37.14 million baht, a net increase of 3.26 million baht compare to the same period in 2017 had the amount of 33.87 million baht, because of corporate income tax of year 2018.
- Investments in associates 101.62 million baht, net decrease of 20.44 million baht compare to the same period in 2017 had the amount of 122.08 million baht

because of the Company invested and sold shares of Dimet (Siam) Public Company Limited during Quarter 2-2018

- Property, land and equipment in the amount of 1,544.34 million baht an increase of 1.67 million baht, compared to the same period in 2017, which amounted of 1,542.67 million baht.
- Intangible assets in the amount of 354.76 million baht a decreased of 20.65 million baht, compared to the same period in 2017 which had the amount of 375.41 million baht.
- Other non-current assets of 8.83 million baht. A decreased of 21.46 million baht, compared to the same period in 2017 which was 30.29 million baht because of get a refund from corporate income tax of year 2016..

## 2.2 Liabilities

As of June 30, 2018, the Company and its subsidiaries had total liabilities of 1,604.61 million baht, a decrease of 58.03 million baht from the same period in 2017, which was amount 1,604.61 million baht as increase from trade and other payables of 58.98 million baht, short-term borrowings from related companies of 20.00 million baht, short-term borrowing from third party of 70.00 million baht, decrease of short term loan from financial institution of 0.42 million baht, other current liabilities of 1.20 million baht, long-term debentures of 200.00 million baht, liabilities under financial lease of 2.43 million baht employee benefit obligation of 0.92 million baht and deferred tax of 2.03 million baht.

## 2.3 Shareholders' Equity

As of June 30, 2018, the Company and its subsidiaries had a loss from operations 61.02 million baht, difference on translation of financial statements increase 0.10 million baht ,non-controlling interests decreased 8.86 million baht Resulting in the shareholders' equity decreased to 1}828.79 million baht from year 2017 which was 1,898.57 million baht.

Please be informed accordingly,

Yours sincerely,

Mr. Monthon Chatuwallopkul

Deputy of Managing Director