

Subject: Management Discussion and Analysis for the Second Quarter of 2018
 To: The President, the Stock Exchange of Thailand

We, SCI Electric Public Company Limited would like to report the result of the Company and subsidiaries (all together as “SCI Group”) for the Second Quarter of 2018 which has been reviewed from the external auditor and approved by the Board of Directors’ meeting No. 3/2018 held on 14th August 2018. The details are as follows:

The operating result analysis

Unit: Million Baht

	For 3 months period ended 30 June			
	2018	2017	Increased (Decreased)	
			Amount	%
Total revenue	360.99	310.45	50.54	16.28
Net profit of Equity holders of the parent	21.03	3.03	18.00	594.64

Net Profit

For the second quarter of 2018, SCI Group had net profit of Baht 21.03 million, increased by Baht 18.00 million or 594.64% as compared to the net profit of Baht 3.03 million incurred in the same period last year. The main reasons are as follows:

Revenue

For the second quarter of 2018, SCI Group had total revenues of Baht 360.99 million, increased by Baht 50.54 million or 16.28% compared to that of Baht 310.45 million the same period last year with details as follows:

- The sales revenues were Baht 370.65 million, increased by Baht 90.28 million or 32.20%, compared to that of Baht 280.36 million in the same period last year. The sales increased mainly in telecom tower business.
- Total service revenues were Baht 3.94 million, decreased by Baht 13.29 million or 77.11% compared to that of Baht 17.23 million in the same period last year. The decrease was primarily due to the delay in the high-voltage transmission tower and substation (500kV) project in Lao PDR.
- Other revenues increased from foreign exchange gain due to USD mark-to-market from 500kV transmission line and substation project (Route1), Tadsalen USD loan as well as cash and deposits in USD currency.

Cost and Expense

For the second quarter of 2018, SCI Group had total expenses of Baht 336.48 million, increased by Baht 38.25 million or 12.83% compared to that of Baht 298.23 million in the same period last year with details as follows:

- Cost of sales were Baht 289.46 million, increased by Baht 46.89 million or 19.33%, compared to that of Baht 242.57 million in the same period last year. Cost of sales increased in proportion to the sales improvement as well as the increase in raw material prices (i.e. Zinc price has been continuously increased since 2017);
- Cost of services were Baht 3.76 million, decreased by Baht 11.50 million or 75.36%, compared to that of Baht 15.26 million in the same period last year. Cost of services decreased as there was less progress in revenue recognition of the high-voltage transmission tower and substation (500kV) project in Lao PDR;
- Administration expense were Baht 36.13 million, increased by Baht 3.08 million or 9.31%, compared to that of Baht 33.05 million in the same period last year. Administration expenses increased from exporting expenses from overseas cable tray projects and salaries from affiliate company in Myanmar.

Statement of financial position

Unit: Million Baht

	As of Jun 30,2017	As of Dec 31,2017	Increased (Decreased)	
			Amount	Percentage
Total Assets	3,430.40	3,312.75	117.65	3.55
Total Liabilities	1,559.60	1,404.49	115.11	11.04
Total Shareholder's Equity	1,870.80	1,908.26	(37.45)	(1.96)
D/E Ratio	0.83	0.74	0.10	13.27
Interest Bearing D/E	0.167	0.103	0.06	62.63

Total Assets

As of 30 June 2018, SCI Group had total assets of Baht 3,430.40 million, increased by Baht 117.65 million or 3.55% from as of 31 December 2017 of Baht 3,312.75 million with details as follows:

- Increased in investment in joint venture company, T Utilities, from additional call-up capital;
- Property, plant and equipment increased from the construction of transmission towers and telecommunication towers manufacturing factory in Myanmar.

Liabilities

As of 30 June 2018, SCI Group had total liabilities of Baht 1,559.60 million, increased by Baht 115.11 million or 11.04% from as of December 31, 2017 of Baht 1,404.49 million with details as follows:

- Account payables from the purchasing material for high-voltage transmission tower projects in Thailand;
- Long-term loans from financial institution increased from affiliate company's loan (from EXIM bank) for setting up transmission tower and telecom tower manufacturing factory in Myanmar.

D/E Ratio

As of 30 June 2018, SCI Group had D/E ratio of 0.83, slightly increased from 0.74 as of 31 December 2017. This was primarily due to long-term loan from EXIM bank used for setting up transmission tower and telecom tower manufacturing factory in Myanmar.

The interest-bearing D/E ratio in the second quarter of 2018 is at 0.167 increased from 0.06 as of 31 December 2017 due to interests from EXIM bank's loan.

Kindly be informed accordingly.

Yours faithfully,
(Mr. Kriengkrai Pienwitthayasakul)
Chief Executive Officer