



EKARAT ENGINEERING PUBLIC COMPANY LIMITED

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November 12, 2018

To: Director and Manager

The Stock Exchange of Thailand

Subject: Management Discussion and Analysis Quarter 3 Year 2018

Ekarat Engineering Public Company Limited (the Company) would like to clarify the performance of the Company and the subsidiaries for Quarter 3 Year 2018 which reviewed by the Company's auditor. The performance of the Company is as follow:

Summary of operating results

As for the Company's performance in Quarter 3 Year 2018, Total revenue was Baht 358.79 million, with Net Profit of Baht 6.77 million and earning per shares of Baht 0.005. The Net Profit of the Company decreased from the same quarter of last year. The main reason was the decrease in sales of goods revenue as the economy hadn't recovered much. Although the investment of the private sector is likely to improve but the competition in the market for transformers and solar energy continues to rise.

Key financial figures

	Unit	Quarter 3		Decrease	
		2018	2017	Amount	%
Total revenue ^[1]	Million Baht	358.79	545.01	186.22	34.17
Total Expenses ^[2]	Million Baht	292.67	382.19	89.52	23.43
Gross Profit	Million Baht	66.12	162.82	96.70	59.39
Other Incomes	Million Baht	3.29	10.99	7.70	70.06
Selling and Administrative Expenses	Million Baht	58.75	92.37	33.62	36.40
Earnings before interest and tax	Million Baht	10.66	81.44	70.76	86.90
Financial cost	Million Baht	4.73	9.63	4.90	50.88
Income tax revenue	Million Baht	0.84	1.53	0.69	45.10
Loss of the period	Million Baht	6.77	73.34	66.55	90.75
Loss per share	Baht/Share	0.005	0.055	0.050	90.91
Gross Profit Margin	%	18.42	29.87		
Net Profit (Loss) Margin	%	1.87	13.19		

Note : [1] Total revenue consist of : (1) Revenue from sales of goods (2) Revenue from services and maintenance

(3) Revenue from service of installing a solar panel (4) Revenue from sales of electricity current

[2] Total Expenses consist of : (1) Cost of goods sold (2) Cost of services and maintenance (3) Cost of service of installing a solar panel (4) Cost of electricity current sales (5) Loss on devaluation of goods

Analysis of operating results in Quarter 3 Year 2018

Revenue :

The total revenues of the company were Baht 358.79 million decreased by Baht 186.22 million or about 34.17% compared to the same quarter of last year, with the total revenue of Baht 545.01 million. Mainly due to the revenue from sale of transformers to government agencies reduced and the price competition in the transformer business soared as a result, revenue from sales of goods decreased.

Expenses :

The total expenses of the company were Baht 292.67 million decreased by Baht 89.52 million or about 23.43% compared to the same quarter of last year, with the total expenses of Baht 382.19 million. As a result, in accordance with the decrease of revenue from operation and loss on devaluation of inventories increased with the age of the products.

Gross Profit:

Gross profit of the company was Baht 66.12 million decreased by Baht 96.70 million or about 59.39% compared to the same quarter of last year and Gross Profit Margin was 18.42% lower than the same quarter of last year. As a result of the sales volume declined while production costs were mostly fixed costs.

Selling and Administrative Expenses :

Selling and Administrative Expenses of the company was Baht 58.75 million decrease by Baht 33.62 million or about 36.40% compared to the same quarter of last year. The administrative expenses decreased significantly. The company has managed to reduce expenses such as personnel and advisory related expenses.

The subsidiaries didn't operate the business. However, the operating cost of the subsidiaries was the Financial cost only. In Quarter 3 Year 2018 and Quarter 3 Year 2017, Ekarat Solar Company Limited had the Net Loss of Baht 0.07 million and Net Profit of Baht 215.15 million, respectively. The Net Loss increased from Quarter 3 Year 2017 by Baht 215.08 million or about 99.97%. Because in Quarter 3 Year 2017, Ekarat Solar Co.,Ltd has income from the debt forgiveness from the company as a result of Net Profit.

In Quarter 3 Year 2018 and Quarter 3 Year 2017, Ekarat Energy Company Limited had the Net Loss of Baht 0.05 million and Baht 0.01 million, respectively. The Net Loss increased from Quarter 3 Year 2017 by Baht 0.04 million or about 80%.

Please be informed accordingly,

Sincerely yours,

Ekarat Engineering Public Company Limited



(Mr. Danucha Noichaiboon)

Managing Director

Authorized to sign on behalf of the company