

Subject: Management Discussion and Analysis for the year 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 year ended 31 December 2018 which has been reviewed from the external auditor and approved by the Board of Directors’ meeting No. 2/2019 held on 22<sup>nd</sup> February 2019. The details are as follows:

**The operating result analysis**

Unit: Million Baht

	For the year ended 31 December 2018			
	2018	2017	Increased (Decreased)	
			Amount	%
Total revenue	1,306.96	1,678.29	(371.33)	(22.13)
Net profit of Equity holders of the parent	(45.47)	20.50	(65.98)	(321.83)

**Net Profit**

For the year 2018, SCI Group had net loss of Baht 45.47 million, decreased by Baht 65.98 million or 321.83 % as compared to the net profit of Baht 20.50 million incurred in the in the year 2017. The main reasons are as follows:

**Revenue**

For the year 2018, SCI Group had total revenues of Baht 1,306.96 million, decreased by Baht 371.33 million or 22.13% compared to that of Baht 1,678.29 million in the year 2017 with details as follows:

- The sales revenues were Baht 1,274.15 million, decreased by Baht 19.04 million or 1.47%, compared to that of Baht 1,293.19 million in the year 2017. The sales decreased from both switchboard and cable tray business;
- There was no progress on the project due to the delay in the high-voltage transmission tower and substation (500kV) project in Lao PDR, therefore, there was no service revenue recognition in the year 2018. However, the management team still positive on the continuous of the projects.

## Cost and Expense

For the year 2018, SCI Group had total expenses of Baht 1,343.77 million, decreased by Baht 286.14 million or 17.56% compared to that of Baht 1,629.91 million in the year 2017 with details as follows:

- Cost of sales were Baht 1,142.42 million, increased by Baht 24.20 million or 2.16%, compared to that of Baht 1,118.22 million in the same period last year. Cost of sales increased in proportion to the transmission/telecom towers sales increase;
- There is no cost of services since there was no progress on the project due to the delay in the high-voltage transmission tower and substation (500kV) project in Lao PDR;
- Administration and financial expenses increased from increased from the expenses incurred from affiliated company in Myanmar.

## Statement of financial position

Unit: Million Baht

	As of Dec 31,2018	As of Dec 31,2017	Increased (Decreased)	
			Amount	Percentage
Total Assets	3,213.88	3,312.75	(98.87)	(2.98)
Total Liabilities	1,395.41	1,404.49	(9.08)	(0.65)
Total Shareholder's Equity	1,818.47	1,908.26	(98.87)	(2.98)
D/E Ratio	0.77	0.74	0.03	4.26
Interest Bearing D/E	0.211	0.103	0.108	105.56

## Total Assets

As of 31 December 2018, SCI Group had total assets of Baht 3,213.88 million, decreased by Baht 98.87 million or 2.98% from as of 31 December 2017 of Baht 3,312.75 million with details as follows:

- Short-term investment decreased from dividend payment, additional call-up capital in T Utilities and set up Interasia Trading in second quarter 2018;
- Account receivables decreased from payment received from customers;
- Property, plant and equipment increased from the construction of transmission towers and telecommunication towers manufacturing factory in Myanmar.

## Liabilities

As of 31 December 2018, SCI Group had total liabilities of Baht 1,395.41 million, decreased by Baht 9.08 million or 0.65% from as of December 31, 2017 of Baht 1,404.49 million with details as follows:

- Short-term loan from financial institution decreased from company repaid short-term loans;
- Account payables decreased from debt repayment;
- 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 31 December 2018, SCI Group had D/E ratio of 0.77, 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 0.21 increased from 0.10 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