

Translation

UWC 006/2019

February 26, 2019

Subject : Management Discussion and Analysis for year 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 year 2018 are summarized as follows.

Performance Analysis

From business operation of year 2018, the companies has revenue from High Voltage Transmission Tower, Telecommunication Business and sell industrial products as amounting of 1,040 Million Baht as increased when compared to year 2017 as revenue of 934 Million Baht as 106 Million Baht (11.35 percent), gross profit as of 91 Million Baht (increased from year 2017 which has gross profit of 59 Million Baht) equivalent to 32 Million Baht increased (54.24 percent) but decline in other expenses from 199 Million Baht (year 2017) to 96 Million Baht (year 2018) which 103 Million Baht decreased (51.75 percent). Moreover mentioned of other expenses are impairment of investments in subsidiaries and associated companies

For year 2018, the Company and its subsidiaries had total revenue of 1,512.27 million baht, an increase of 141.05 million baht or 10.29 percent, with the net loss total 423.23 million baht or increased 54.71 percent and net loss owners of the parent total 390.12 million baht or increased 55.44 percent compared to the same period in 2017 had total revenues 1,371.22 million baht while the net loss of 273.57 million baht and net loss owners of the parent 250.97 million baht the overall operating results of year 2018 compared to the same period in 2016 as shown in table 1

Table 1 provides an overview of performance.

Unit : Million Baht

	Items	For year ended of December 31			
		2018	2017	Increased (Decreased)	
				Amount	Percentage
1	Revenue from steel tower manufacturing	1,026.59	923.88	102.71	11.12
2	Revenue from sales of industrial equipment	10.42	11.31	(0.89)	(7.87)
3	Revenue from sales of other products	7.96	30.72	(22.76)	(74.09)
4	Revenue from sales of electricity	422.87	355.39	67.48	18.99
5	Other Revenue	44.43	49.92	(5.49)	(11.00)
6	Total Revenues	1,512.27	1,371.22	141.05	10.29
7	Total expenses	1,946.87	1,662.01	284.86	17.14
8	Profit(loss) before income tax	(434.60)	(297.05)	(137.55)	46.31
9	Net profit (loss) for the period	(423.23)	(273.57)	(149.66)	54.71
10	Net profit (loss) Owners of the Parent	(390.12)	(250.97)	(139.15)	55.44

1. Analysis of results of operations.

1.1 Income

In 2018 the Company and its subsidiaries had the total revenues of 1,512.27 million baht as 141.05 million baht increased when compare to the same period of year 2017 as amounting of 1,371.22 million baht or 10.29 percent increased by following details

- The Company's revenue from steel tower manufacturing 1,026.59 million baht, an increased in the amount of 102.71 million baht or 11.12 percent compare to the same period of year 2017 was 923.88 million baht due to increase in delivered to customers.
- The revenue from sales of industrial equipment of 10.42 million baht as 0.89 million baht decreased or 7.87 percent when compared to the same period of year 2017 was 11.31 million
- The company and its subsidiaries has revenue from sales of other products of 7.96 million baht as 22.76 million baht decreased or 74.09 percent when compared to same period of year 2017 of 30.72 million baht
- The company and its subsidiaries has revenue from sales electricity of 422.87 million baht as 67.48 million baht increased or 18.99 percent when compared to same period of year 2017 of 355.39 Million Baht due to more sales volume in term of electricity

- The other income in 2018 as the amount of 44.43 million baht or 2.94 percent of total revenues by following details
 - The company and its subsidiaries has revenue from selling of scrap from raw materials as amounting of 37.91 million baht
 - The company and its subsidiaries has received interest and other as amounting of 6.52 million baht (interest from financial institution of 0.88 million baht, related companies of 0.52 million baht, revenue from rental related companies of 2.40 million baht and others of 1.16 million baht.

1.2 Cost and Expenses

In year 2018, the company and its subsidiaries had gross margin 3.11 percent and Net loss (27.99) percent of total revenues when compare to the same period in 2017 was gross margin 4.73 percent and Net loss (19.95) percent of total revenues.

Table 2: Provides an overview of costs and expenses and gross profit to revenue.

	Items	Amount (million baht) , %				Amount increased (decreased)	
		2018	Percent	2017	Percent	Million Baht	Percent
1	Total revenues	1,512.27	100.00	1,371.22	100.00	141.05	10.29
2	Cost of steel tower manufacturing and cost of sale	1,465.28	96.89	1,306.37	95.27	158.91	12.16
3	Gross profit	46.99	3.11	64.85	4.73	(17.86)	(27.54)
4	Sales and administrative expenses	413.90	27.37	309.26	22.55	104.64	33.84
5	Profit (loss) before finance cost and income tax expenses	(366.91)	(24.26)	(244.41)	(17.82)	(122.50)	50.12
6	Financial cost	67.69	20.60	52.64	3.84	15.05	28.59
7	Profit (loss) before income tax expenses	(434.60)	(28.74)	(297.05)	(21.66)	(137.55)	46.31
8	Income tax (expense) income	11.37	0.75	(23.48)	(1.71)	12.11	(51.58)
9	Net Profit (Loss)	(423.23)	(27.99)	(273.57)	(19.95)	(149.66)	54.71
10	Net profit (loss)owners of the parent	(390.12)	(26.62)	(250.97)	(19.21)	(139.15)	55.44

1.2.1 Gross Profit

In the year 2018, the Company and its subsidiaries had gross margin 3.11 percent. It was a decreased when compare to the same period of 2017, the gross profit 4.73 percent

1.2.2 Expenses

In 2018, the Company and its subsidiaries had a total cost 1,946.87 million baht the cost increased from 2017, with a total cost of 1,662.01 million baht, an increase of 284.86 million baht or 17.14 percent by the following reasons.

- Cost of steel tower manufacturing 963.27 million baht, an increase of 95.16 million baht as approximately increased of 10.96 percent when compared to the same period in 2017 in the amount of 868.11 million baht varied by amount of projects that the company has delivered to the customer.
- Cost of sales of industrial equipment 9.44 million baht, an increase of 1.69 million baht or approximately 21.86 percent compared to the same period in 2017 as amounting of 7.74 million baht .
- Cost of sales of other products 38.36 million baht, a decrease of 28.00 million baht or approximately 42.19 percent compared to the same period in 2017 as amounting of 66.36 million baht by fluctuate from sales volume and same cost of production
- Cost of selling electricity of 454.19 million baht as 90.05 million baht increased or 24.73 percent when compared to same period of year 2017 as amounting of 364.14 Million Baht by fluctuate from more usage of electricity
- Selling expenses of 5.44 million baht as 4.77 million baht decreased or 46.72 percent when compared same period of year 2017 of 10.21 million baht
- Administration expenses of 155.60 million baht, a decrease of 25.88 million baht or approximately 19.95 percent decrease when compared to the same period in 2017 as amounting of 129.72 Million baht
- Other expenses of 243.49 million baht, an increase of 80.42 million baht or approximately 49.32 percent increase when compared to the same period in 2017 as amounting of 163.07 Million baht because there is a set of goodwill and intangible asset as amounting of 202.95 Million Baht

- Finance costs consist of interest expense and banking fee of 67.69 million baht, an increase of 15.05 million baht or 28.59 percent increased when compared to the same period in 2017 as amount of 52.64 million baht

1.2.3 Net (Loss) profit

In Year 2018, the Company and its subsidiaries had a net loss of 423.23 million baht was in profit to owners of the parent amount of 390.12 million baht and loss to non-controlling interests amount of 33.11 million baht as increased of 149.66 million baht or equivalent 54.71 percent when compared to the same period in 2017 has net loss of 273.57 million baht. By this, mostly from loss of impairment of goodwill and intangible assets as amounting of 202.95 Million Baht

2. Financial Analysis

Table 3 : Overview statement of financial position

	Items	Amount (Million baht)		Increased (decreased)	
		As of December 31,2018	As of December 31,2017	Million baht	Percent
1	Total Assets	3,076.35	3,561.21	(484.86)	(13.62)
2	Total Liabilities	1,600.54	1,662.64	(62.10)	(3.74)
3	Total Equity	1,475.81	1,898.57	(422.76)	(22.27)

2.1 Assets

As of December 31, 2018, the company and its subsidiaries had total assets of 3,076.35 million baht, a decreased from 2017, with total assets of 3,561.21 million baht, a decreased in the amount of 484.86 million baht, by following reasons.

- Cash and cash equivalents amount of 69.07 million baht had a net decreased of 34.04 million baht when compared to the same period in 2017 had in the amount of 103.11 million baht due to usage of investment in subsidiaries
- Temporary investments 0.88 million baht, a net increase of 0.01 million baht, compared to the same period in 2017 had 0.87 million baht.

- Trade and other receivables 578.50 million baht, a decrease of 70.16 million baht, compare to the same period in 2017, which had amount of 648.66 million as fluctuate from sales volume
- Short term loans to person or related business as amount of 8.68 Million Baht , decreased of 0.18 Million Baht when compared to year 2017 as amount of 8.86 Million Baht
- Net inventories of 544.14 Million Baht as net decrease of 52.18 million baht when compared to same period of year 2017 of 596.32 million baht
- Current Assets of 18.13 million baht as 15.74 million baht decreased when compared to same period of year 2017 of 33.87 million baht.
- There are non-current assets classified as assets held for sale in the amount of 152.17 million baht because subsidiary willing to sell some assets to other which amount of loss from impairment of such assets equal to 21.20 million baht
- Deposit used as collateral of 53.04 million baht and increase of 10.31 million baht compared to the same period in 2017 which amount of 42.73 million baht
- Investment in associates of 133.18 million baht as net increase of 11.11 million baht when compared to same period of year 2017 as amount of 122.08 million baht.
- Property, land and equipment in the amount of 1,298.84 million baht and decrease of 243.82 million baht, compared to the same period in 2017 which amounted of 1,542.66 million baht.
- Intangible assets and goodwill in the amount of 172.46 million baht. A decrease of 202.95 million baht, compared to the same period in 2017 which had the amount of 421.70 million baht due to set loss from impairment of assets.
- Other non-current assets of 33.19 million baht. An increased of 2.89 million baht, compared to the same period in 2017 which was 44.06 million baht. Cause by withholding taxes in the years of 2018 and 2017 and receive tax after payment of year 2016

2.2 Liabilities

- At the year 2018, the Company and its subsidiaries had total liabilities of 1,600.54 million baht, a decrease of 62.10 million baht from the 2017 which was amount 1,662.94 million baht due to increase in trade payable and other payable of 42.67 million baht, short term borrowing from related parties of 70.00 million baht, short term borrowing from third party of 39.50 million baht and other current liabilities of 4.30 million baht. Due to decrease from bank overdrafts and short term loan from financial institution of 0.60 million baht, debentures of 200.00 million baht, under finance lease agreement of 8.01 million baht ,employee benefit obligations of 1.67 million baht and deferred tax liabilities of 8.29 million baht

2.3 Equity

In 2018, the Company and its subsidiaries had a loss from operations of 423.23 million baht Other components of equity increase of 0.32 million baht and non–controlling interest decrease of 32.96 million baht thus leads decreased in equity of 1,475.81 million baht from year 2017 as amounting of 1,898.57 million baht or 422.76 million baht decreased

Please be informed accordingly,

Yours sincerely,

Mr. Monthon Chatuwallopkul
Deputy of Managing Director