

No. Demco AC001/2019

February 28, 2019

Subject : The company's operating result of the year 2018

To : The president,
The Stock Exchange of Thailand.

Demco Public Company Limited would like to inform you herewith the company result of the year 2018 according to the company's consolidated financial statement ended December 31, 2018. The conclusions are as follow;

Operating performance :

1. Revenue : The total revenue of the year 2018 was Baht 4,151.37 million representing a decrease 7.35% comparing to the total revenue of Baht 4,480.60 million of year 2017.

The revenue from service business of the year 2018 Baht 3,358.62 million was decreased of Baht 368.06 million or 9.88% comparing to the revenue from services business of Baht 3,726.68 million of the year 2017. The significant decreasing came from the reduction of the revenue construction works of renewable energy power plants projects in private sector according to industrial sector was affected from alternative energy development plan(AEDP). Moreover government recently announced that bought alternative energy with lower price, it caused decreasing investment.

The revenue from sale business of the year 2018 Baht 729.50 million was increased of Baht 29.26 million or 4.18%. The revenue from sale business of the year 2017 was Baht 700.24 million. The revenue was increased from the sale electrical equipment, while revenue from sale telecommunication tower decrease due to the communication system 4G end of the investment.

2. Gross profit: The total gross profit of the year 2018 was Baht 460.41 million representing an decreased of Baht 39.33 million or 7.87% of the total gross profit of the year 2017 of Baht 499.74 million. The total gross profit rate was decreased from 11.29% to 11.26%. As follow:

The gross profit from service business of the year 2018, the Company has gross profit from service income of Baht 462.09 million or 13.76% increased from the last year of Baht 46.15 million or 11.10% because last year was renewable energy construction projects had low gross profit rate.

The loss from sale business of year 2018, the Company has a loss from sale income of Baht 1.68 million or 0.23% decreasing from the same period of last year of profit Baht 83.80 million because the decreasing of production was affected of higher production cost.

3. Sales and administrative expenses: Sales and administrative expenses of the year 2018 was Baht 451.32 million decreased of Baht 35.70 million when comparing to the year 2017 which was Baht 487.02 million 7.33% as follow:

Sales and administrative expenses (Normal entry) was Baht 365.04 million which decreased 6.48% comparing to the year 2017 of Baht 390.34 million.

Sales and administrative expenses (Special entry) was Baht 86.29 million result from remedy work provision and compensation for loss of production cost which decreased 10.75% comparing to the year 2017 of Baht 96.67 million.

Details of the costs involving to the WTGs foundation improvement for Huay Bong 2&3 Wind Farm as at December 31, 2018 are as shown in the table.

Description	Estimated total improvement cost (as of year 2017)	Estimate and cost for accounting recorded in 2018	Estimated total improvement cost (as of year 2018)	Aggregate actual cost ended as of December 31, 2018	Estimated Improvement cost (For remaining works) As at December 31, 2018
Improvement cost	645.35	36.34	681.69	490.36	191.33
Re-design cost, advisor cost, insurance, etc.	93.72	17.36	111.08	90.83	20.25
Sub-total cost	739.07	53.70	792.77	581.19	211.58
Compensation for Loss of production cost	756.32	32.59	788.91	788.91	-
Total cost	1,495.39	86.29	1,581.68	1,370.10	211.58
Deduct owners' compensation	(30.00)	-	(30.00)	-	(30.00)
Net cost	1,465.39	86.29	1,551.68	1,370.10	181.58

4. Net profit: the net profit of the year 2018 is Baht 148.60 million representing an increase of 126.58% of the net profit of the year 2017 of Baht 65.59 million mainly due to the increased from recorded shared profit from the investment in associate company and reduction of sales and administrative expenses. In the year 2018, the company recorded shared profit from the investment in associate company of amount Baht 189.59 million. The net profit rate was increased from profit of 1.46% to profit of 3.58%.

5. The projects are still under construction have not yet delivered to the owner at February 28, 2019 are as follows;

	Quantity (Projects)	Amount (Million Baht)
Electrical Power System	73	2,208.84
Telecommunication & Signaling	3	82.58
Renewable Energy Project	2	121.35
Total	78	2,412.77

Consolidated Financial Position

Current assets as at 31st December, 2018 was Baht 2,025.79 million decreased amount of Baht 1,214.92 million or 37.49% from current assets amount of Baht 3,240.71 million in 2017. The decreased from recorded trade and other receivables of amount Baht 511.50 million, Unbilled installments on completed works Baht 209.25 million due to accelerating debt collection from owner, decreasing of inventories Baht 209.38 million from the sale of high voltage equipment of private sector.

non-current assets as at 31st December, 2018 was Baht 3,881.09 million decreased slightly amount Baht 62.19 million or 1.58%

current liabilities as at 31st December, 2018 was Baht 2,270.56 million decreased of Baht 1,379.90 million or 37.80% from current liabilities amount of Baht 3,650.45 million. In 2017 the decreased from recorded Bank overdrafts and short-term loans from financial institutions amount Baht 477.79 million and account payables and other amount Baht 871.67 million.

non-current liabilities as at 31st December, 2018 was Baht 445.53 million decreased slightly amount Baht 43.05 million or 8.81% from non-current liabilities amount of Baht 488.52 million in 2017.

shareholders' equity as at 31st December, 2018 was Baht 3,174.92 million increased amount Baht 148.89 million from Performance Operation results in 2018.

Please be informed accordingly,

Yours sincerely,

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Paitoon Gumchai
Director and The Company's Secretary
Authorized sign on behalf of the Company