

Subject: Management Discussion and Analysis for the First Quarter of 2019
 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 First Quarter of 2019 which has been reviewed from the external auditor and approved by the Board of Directors’ meeting No. 3/2019 held on 14th May 2019. The details are as follows:

The operating result analysis

Unit: Million Baht

| | For 3 months period ended 31 March | | | |
|--|------------------------------------|---------|-----------------------|---------|
| | 2019 | 2018 | Increased (Decreased) | |
| | | | Amount | % |
| Total revenue | 214.97 | 381.92 | (166.95) | (43.71) |
| Net profit of Equity holders of the parent | (20.87) | (23.19) | 2.32 | 10.02 |

Net Profit

For the first quarter of 2019, SCI Group had net loss of Baht 20.87 million, increased by Baht 2.32 million or 10.02% as compared to the net loss of Baht 23.19 million incurred in the same period last year. The main reasons are as follows:

Revenue

For the first quarter of 2019, SCI Group had total revenues of Baht 214.97 million, decreased by Baht 166.95 million or 43.71% compared to that of Baht 381.92 million the same period last year with details as follows:

- The sales revenues were Baht 205.78 million, decreased by Baht 164.87 million or 44.48%, compared to that of Baht 370.65 million in the same period last year. The sales decreased in both switchboard and cable tray business as well as transmission tower and telecom tower 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 1Q2019. However, the management team still positive on the continuous of the projects.

Cost and Expense

For the first quarter of 2019, SCI Group had total expenses of Baht 233.74 million, decreased by Baht 168.86 million or 41.94% compared to that of Baht 402.60 million in the same period last year with details as follows:

- Cost of sales were Baht 179.66 million, decreased by Baht 155.97 million or 46.47%, compared to that of Baht 335.63 million in the same period last year. Cost of sales decreased in proportion to the sales drop;
- 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 expense decreased due to less foreign exchange loss compared to the same period last year. In 1Q19, the company experienced foreign exchange loss amount Baht 8.83 million, decreased by Baht 12.26 million compared to the amount Baht 21.09 million in the same period last year. Loss from foreign exchange increased due to USD mark-to-market from 500kV transmission line and substation project and Tadsalen USD loan as well as cash and deposits in USD currency.
- Financial costs were Baht 6.43 million, increased by Baht 6.07 million from interest on long-term loan borne by affiliate company in Myanmar.

Statement of financial position

Unit: Million Baht

| | As of Mar 30,2019 | As of Dec 31,2018 | Increased (Decreased) | |
|----------------------------|----------------------|----------------------|-----------------------|------------|
| | | | Amount | Percentage |
| Total Assets | 3,332.41 | 3,213.88 | 118.54 | 3.69 |
| Total Liabilities | 1,541.65 | 1,395.41 | 146.24 | 10.48 |
| Total Shareholder's Equity | 1,790.77 | 1,818.47 | (27.71) | (1.52) |
| D/E Ratio | 0.86 | 0.77 | 0.09 | 11.69 |

Total Assets

As of 31 March 2019, SCI Group had total assets of Baht 3,332.41 million, increased by Baht 118.54 million or 3.69% from as of 31 December 2018 of Baht 3,213.88 million with details as follows:

- Cash and investment in marketable securities decreased from long-term loan repayment and investment in joint venture company for mobile phone rental service;
- Inventory increased from production work in process and work pending for delivery in Thailand as well as raw material stocks for transmission towers and telecommunication towers manufacturing factory in Myanmar.

Liabilities

As of 31 March 2019, SCI Group had total liabilities of Baht 1,541.65 million, increased by Baht 146.24 million or 10.48% from as of December 31, 2018 of Baht 1,395.41 million with details as follows:

- Account payables increased from purchasing equipment and raw materials for switchboard manufacturing and high-voltage transmission tower projects in Thailand;

D/E Ratio

As of 31 March 2019, SCI Group had D/E ratio of 0.86, slightly increased from 0.77 as of 31 December 2018 from the borrowings.

Kindly be informed accordingly.

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