

Translation

CEN 012-2019

May 14, 2019

Subject Management discussion and analysis for business operation Quarter 1-2019

To The Manager and President

The Stock Exchange of Thailand

For 3 months period of business operation ended March 31, 2019 of Capital Engineering Network Public Company Limited “company” and subsidiaries has loss of 18.83 Million Baht decreased 63.92 Million Baht when compared to the same period of previous year of 45.09 Million Baht in profit. The details as follow:

Performance Analysis

(1) Revenue

Quarter 1-2019 the company and its subsidiaries has total revenue of 753.22 Million Baht. The company has 16.62 Million Baht increased or 2.26 percent when compared to the same period of previous year had 736.61 Million Baht in revenue the details as follow:

- Revenue from sales is 406.89 Million Baht decreased 36.83 Million Baht or 8.3 percent when compared to the same period of previous year was 443.72 Million Baht. Subsidiaries have decline in sales of steel wires and subsidiaries of Ua Withya Public Company Limited has increased in revenue from selling electricity to Provincial Electricity Authority
- Revenue from services of 228.74 Million Baht. The company has 44.32 Million Baht increased or 24.03 percent when compared to the same period of previous year had 184.42 Million Baht due to subsidiaries has more delivered of work than the same period of previous year

- Revenue from sales of temporary investment of 102.44 Million Baht came from sales of investment 1.10 Million baht and unrealized profit from Changes in fair value in investment 101.34 Million Baht
- Other revenue of 15.15 Million Baht as 2.0 Million Baht decreased or 11.66 percent when compared to the same period of previous year that had 17.15 Million Baht in other revenue.

(2) Gross Profit

Quarter 1-2019 Company and its subsidiaries have gross loss from sales and services in the amount of 97.82 Million Baht or 15.39 percent. Cause by decreased in sale volume with impairment the products due to deteriorate that unable to sell at market price and UWC's subsidiaries have recognition the cost of closing project with residual income from delivery.

(3) Expenses

Quarter 1-2019 company and its subsidiaries has total expenses of 820.69 Million Baht or 117.16 Million Baht increased from year 2018 which has total expense of 703.53 Million Baht or 16.65 percent by following reasons:

- Cost of sales is 424.00 Million Baht when compared to the same period of previous had 455.23 million baht. It made 31.23 Million Baht or 6.86 percent decreased. The cost of sale was fluctuate from sale volume
- Cost of services of 309.47 Million Baht is 143.71 Million Baht increase or 86.69 percent. When compared to the same period of previous year of 165.76 Million Baht. The cost of services was fluctuate from project deliver to customer
- Cost of Administrative of 59.35 Million Baht is 6.89 Million Baht or 13.15 percent increase when compared to same period of previous year of 52.46 Million Baht
- Cost of financial is 15.74 Million Baht. It is 0.47 Million Baht decreased or 3.01 percent when compared to same period of previous year of 16.21 Million Baht

Financial Status

As at March 31, 2019 Company and its subsidiaries have a total of asset 6,157.83 Million Baht. The asset has increase 294.09 million baht when compared to December 31, 2018 has 5,863.74 Million Baht the details below:

- Current asset is 3,383.09 Million Baht or 353.25 Million Baht increased compared to December 31, 2018 had 3,029.84 Million Baht. The company have more cash and equivalent to cash of 376.74 Million Baht due to subsidiaries of Ua Withya Public Company Limited had receive loans from Financial Institution 330.00 Million Baht and company has more temporary investment of 95.17 Million Baht. The trade account and other receivables has decline 86.15 Million Baht also decline in inventories (Left in stock)of 45.22 Million Baht
- Non-current asset as amount of 2,774.74 Million Baht decreased of 59.16 Million Baht when compared to December 31, 2018 was 2,833.90 Million Baht. It was decline from tangible asset of 21.35 Million Baht, Collateral of 17.51 Million baht and decline in account receivable by financial lease of 8.82 Million Baht

Source of Fund

Liabilities

- As at March 31, 2019 the company has total liabilities of 2,449.85 Million Baht or 402.86 Million Baht increased when compared to December 31, 2018 was 2,046.99 Million Baht by subsidiaries of Ua Withya Public Company Limited has long term loan from financial institution of 330.00 Million Baht, more account payable and other payable of 75.10 Million Baht (account payable of 50.56 Million Baht, advance receive of 43.40 Million Baht and decline external creditor of 10.74 Million Baht). Subsidiaries paid loans to Financial Institution of 77.12 Million Baht and paid long term loan to Financial Institution of 6.24 Million Baht

Proportion of Shareholder

- As at March 31, 2019 the company has proportion of shareholders of 2,562.99 Million Baht or 31.09 Million Baht decreased when compared to December 31, 2018 was 2,594.07 Million Baht due to the company has loss from business operation

Please be informed for acknowledgement,

Sincerely yours,

Mr. Wutichai Leenabanchong

Chairman