

Subject: Management Discussion and Analysis for the First Quarter of 2020
 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. 4/2020 held on 13rd May 2020. The details are as follows:

The operating result analysis

Unit: Million Baht

	For 3 months period ended 31 March			
	2020	2019	Increased (Decreased)	
			Amount	%
Total revenue	278.21	214.97	63.24	29.42
Net profit of Equity holders of the parent	14.14	(20.87)	35.01	167.76

Net Profit

For the first quarter of 2020, SCI Group had net profit of Baht 14.14 million, increased by Baht 35.01 million or 167.76% as compared to the net loss of Baht 20.87 million incurred in the same period last year. The main reasons are as follows:

Revenue

For the first quarter of 2020, 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 278.21 million, decreased by Baht 63.24 million or 29.42%, compared to that of Baht 214.97 million in the same period last year. The sales decreased in both switchboard and cable tray business.
- Service revenues increased from railway bridge EPC project. The high-voltage transmission tower and substation (500kV) project in Lao PDR still had no progress due to the delay. The management team still positive on the continuous of the 500kV project.

Cost and Expense

For the first quarter of 2020, SCI Group had total expenses of Baht 256.88 million, increased by Baht 29.56 million or 13.00% compared to that of Baht 227.32 million in the same period last year with details as follows:

- Cost of sales were Baht 182.13 million, increased by Baht 2.47 million or 46.47%, compared to that of Baht 335.63 million in the same period last year. Cost of sales increased in proportion to the sales rise;
- Cost of services increased from railway bridge EPC project;
- Administration expense increased from salary and provision for allowance for doubtful accounts (when excluded the impact from foreign exchange losses in 1/2019 of Baht 8.83 million);

Statement of financial position

Unit: Million Baht

	As of Mar 30,2020	As of Dec 31,2019	Increased (Decreased)	
			Amount	Percentage
Total Assets	3,166.45	2,968.37	198.08	6.67
Total Liabilities	1,521.60	1,340.77	180.82	13.49
Total Shareholder's Equity	1,644.85	1,627.60	17.25	1.06
D/E Ratio	0.92	0.82	0.09	11.69

Total Assets

As of 31 March 2020, SCI Group had total assets of Baht 3,166.45million, increased by Baht 198.08 million or 6.67% from as of 31 December 2019 of Baht 2,968.37 million with details as follows:

- Cash and cash equivalents decreased from long-term loan repayment and utilized for operation;
- Accounts receivable increased from undue payment from product delivery at the end of the quarter as well as foreign currency conversion from 500kV transmission line and substation project (Route1);
- Unbilled completed works increased as a result of foreign currency conversion;
- 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;
- Investments in joint ventures decreased by Baht 15.00 million from selling shares of Yuemmai (Thailand) Company Limited.

Liabilities

As of 31 March 2020, SCI Group had total liabilities of Baht 1,521.60 million, increased by Baht 180.82 million or 13.49% from as of 31 December 2019 of Baht 1,340.77 million with details as follows:

- Account payables increased from purchasing equipment and raw materials for manufacturing as well as foreign currency conversion from 500kV transmission line and substation project (Route1);
- Long-term loans from financial institutions increased from foreign currency conversion as the loan borrowed by a subsidiary in Myanmar is in US dollars currency.

D/E Ratio

As of 31 March 2020, SCI Group had D/E ratio of 0.92, slightly increased from 0.82 as of 31 December 2019. This was primarily due to long-term loan from EXIM bank used for setting up transmission tower and telecom tower manufacturing factory in Myanmar.

Kindly be informed accordingly.

Yours faithfully,

(Mr. Kriengkrai Pienwitthayasakul)
Chief Executive Officer