

Translation  
CEN 012-2020

May 15, 2020

Subject : Management discussion and analysis for business operation Quarter 1-2020  
To : The Manager and President  
The Stock Exchange of Thailand

Summarization of business operation and financial statement from January 1, 2020 is under Financial Reporting Standard No.9 RE: International Financial Reporting Standard 9 (IFRS 9) and 16 RE: Leases as effective date on January 1, 2020. By this summarization of business operation and financial statement of year 2019 was prepared under standard before the change and does not have retrospective improvements on comparison during year 2019 which is a guideline that can be done according to the requirements of the said financial reporting standards thus group of company choose to adjust list of cumulative happened from first uses of Financial Reporting Standard as adjustment of retained earnings (or other components of shareholders' equity as appropriate)

For 3 months period of business operation as ended March 31, 2020 of Capital Engineering Network Public Company Limited "company" and subsidiaries has loss of 180.45 Million Baht as 54.86 Million Baht increased when compared to same period of previous year of 125.59 Million Baht as following details:

### **Performance Analysis**

#### **(1) Revenue**

Quarter 1-2020 company and its subsidiaries has total revenue of 471.97 Million Baht as 281.24 Million Baht decreased or 37.34 percent when compared to same period of previous year of 753.21 Million Baht as follows:

- Revenue from sales of 328.34 Million Baht as 78.55 Million Baht decreased of 19.30 percent when compared to same period of previous year of 406.89 Million Baht by subsidiaries have decline in sales of steel wires but in contrast subsidiaries distribute electricity and heat energy has increased in sale volume
- Revenue from projects of 111.49 Million Baht as 117.25 Million Baht decreased or 51.26% when compared to the same period of previous year of 228.74 Million Baht due to decline in delivery
- Other revenue of 32.15 Million Baht as 17.00 Million Baht increased or 112.21% when compared to same period of previous year of 15.15 Million Baht due to more revenue from selling scrap of raw materials of 10.73 Million Baht and money from exchange rate of 7.86 Million Baht

#### **(2) Gross Profit**

Quarter 1-2020 Company and its subsidiaries has gross profit from selling products and projects as amount of 21.58 Million Baht or 4.57% when compared to same period of previous year as loss of 97.84 Million Baht due to management in term of stock, raw materials and price of steel raw materials thus Ua Withya Public Company Limited has adjustment on production process and management in term of electricity to be more efficiency as well as management in term of fuel

### **(3) Expenses**

Quarter 1-2020 company and its subsidiaries has total expenses of 646.45 Million Baht as 174.24 Million Baht decreased from year 2019 which has total expense of 820.69 Million Baht or 21.23 percent by following reasons:

- Cost of sales products of 319.06 Million Baht as 104.94 Million Baht or decreased 24.75 percent when compared to same period of previous year of 424.00 Million Baht by fluctuate from sale volume
- Project cost of 99.19 Million Baht as 210.28 Million Baht decreased or 67.95% when compared to same period of previous year of 309.47 Million Baht by fluctuation from project quantity delivered to customers and recognize all remaining expenses of project work that has closed the work as per the purchase order along with the delivered income.
- Cost of distribution of 6.18 Million Baht as 3.55 Million Baht decrease or 36.49 Million Baht when compared to same period of previous year of 9.73 Million Baht due to deducted in sale volume which lead deducted in cost of delivery products
- Cost of Administrative of 60.24 Million Baht as 1.51 Million Baht decreased or 2.45% when compared to same period of previous year of 61.75 Million Baht
- Unrealized Loss from changed in fair value of other current financial assets of 143.97 Million Baht due to fluctuation of capital market

### **Financial Status**

As at March 31, 2020 company and its subsidiaries has a total asset of 3,575.67 Million Baht as 593.04 Million Baht decreased when compared to March 31, 2019 of 4,168.71 Million Baht by following reasons:

- Cash and equivalent to cash declined of 204.17 Million Baht due to Ua Withya Public Company Limited has payback Secured debentures in January 2020
- Accounting receivable and other current receivables- business declined of 93.98 Million Baht due to decreases in sales volume and services
- Inventories decrease of 34.78 Million Baht due to more strictly in term of deliver project deliver and management
- Other current financial assets declines of 150.21 Million Baht which mostly came from changes in fair value of securities in market demand
- Deposit from financial institution as guarantee declined of 95.42 Million Baht due to Rayong Wire Industries Public Company Limited has withdrawn in order to purchase raw materials in order to decreased interest

### **Liabilities**

- As at March 31, 2020 company has total liabilities of 1,647.13 Million Baht as 405.73 Million Baht decreased when compared to December 31, 2019 of 2,052.66 Million Baht by Rayong Wire Industries has decreased from short term loan as amount of 105.22 Million Baht and Ua Withya Public Company Limited repayment of loan obligations as amount of 300 Million Baht which due January 19, 2020

### **Proportion of Shareholder**

- As at March 31, 2020 company has proportion of shareholders of 1,425.11 Million Baht as 155.35 Million Baht decreased when compared to December 31, 2019 of 1,580.47 Million Baht due to company has net loss from business operation of 150.65 Million Baht and the

impact of introduction of Financial Reporting Standard of 4.70 Million Baht by adjustment of brought forward retained earnings as at January 1, 2020

Please be informed for acknowledgement

Sincerely yours,

Mr. Wutichai Leenabanchong  
Chairman