

Subject: Management Discussion and Analysis for the Second 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 Second Quarter of 2020 which has been reviewed from the external auditor and approved by the Board of Directors’ meeting No. 6/2020 held on 11<sup>st</sup> Aug 2020. The details are as follows:

**The operating result analysis**

Unit: Million Baht

	For 3 months period ended 30 June			
	2020	2019	Increased (Decreased)	
			Amount	%
Total revenue	349.51	243.29	106.22	43.66
Net profit of Equity holders of the parent	2.95	(48.26)	51.20	106.10

**Net Profit**

For the second quarter of 2020, SCI Group had net profit of Baht 2.95 million, increased by Baht 51.20 million or 106.10 as compared to the net loss of Baht 48.26 million incurred in the same period last year. The main reasons are as follows:

**Revenue**

For the second quarter of 2020, SCI Group had total revenues of Baht 349.51 million, increased by Baht 106.22 million or 43.66% compared to that of Baht 243.29 million the same period last year with details as follows:

- The sales revenues were Baht 334.01 million, increased by Baht 100.34 million or 42.94%, compared to that of Baht 233.68 million in the same period last year. The sales increased in both switchboard and cable tray business as well as transmission tower business.
- Service revenues increased Baht 13.06 million 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 second quarter of 2020, SCI Group had total expenses of Baht 334.46 million, increased by Baht 42.62 million or 14.60% compared to that of Baht 291.84 million in the same period last year with details as follows:

- Cost of sales were Baht 254.94 million, increased by Baht 23.00 million or 9.92%, compared to that of Baht 231.94 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 2Q20 of Baht 25.08 million);

## Statement of financial position

Unit: Million Baht

	As of Jun 30,2020	As of Dec 31,2019	Increased (Decreased)	
			Amount	Percentage
Total Assets	3,173.24	2,968.37	204.87	6.90
Total Liabilities	1,538.10	1,340.77	197.33	14.72
Total Shareholder's Equity	1,635.14	1,627.60	7.54	0.46
D/E Ratio	0.94	0.82	0.12	14.19

## Total Assets

As of 30 June 2020, SCI Group had total assets of Baht 3,173.24 million, increased by Baht 204.87 million or 6.90% 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 investment in Bill of Exchange (BE) as for company cash management;
- 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 30 June, SCI Group had total liabilities of Baht 1,538.10 million, increased by Baht 197.33 million or 14.72% from as of December 31, 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 30 June, SCI Group had D/E ratio of 0.92, slightly increased from 0.94 as of 31 December 2019. This was primarily due to increase in account payable.

Kindly be informed accordingly.

Yours faithfully,

(Mr. Kriengkrai Pienwitthayasakul)  
Chief Executive Officer