



บริษัท บูรพา เทคโนโลยี เอ็นจิเนียริ่ง จำกัด (มหาชน)
EASTERN TECHNICAL ENGINEERING PUBLIC CO.,LTD.



Ref. ETE-62/024

August 14, 2019

The President of the Stock Exchange of Thailand

Subject: Submission of consolidated and separate financial information

and management discussion and analysis for the six-month period ended 30 June 2019

Eastern Technical Engineering Public Company Limited would like to submit consolidated and separate financial information for the six-month period ended 30 June 2019 and management discussion and analysis.

Please see the attached document for the information

Please be informed accordingly.

Sincerely yours,



Eastern Technical Engineering Public Company Limited
บริษัท บูรพา เทคโนโลยี เอ็นจิเนียริ่ง จำกัด (มหาชน)

Mr.Raivin Lekavorranan

Chief Executive Officer

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

- Explanation and analysis of financial performance for the three-month period ended 30 June 2019
- Explanation and analysis of financial performance for the six-month period ended 30 June 2019
- Explanation and analysis of financial status as at 30 June 2019

Explanation and analysis of financial performance for the three-month period ended 30 June 2019

	Consolidated financial information (Unit : Million Baht)			
	For three-month period ended 30 June		Change	% Change
	2019	2018		
Revenue	383.44	443.08	▼ (59.64)	-13.5%
Cost	348.48	384.03		
Gross profit	34.96	59.05	▼ (24.09)	-40.8%
Gross profit margin	9.1%	13.3%		
Other income	1.04	0.14	▲ 0.90	
Selling & Admin expenses	28.14	33.31	▼ (5.18)	-15.5%
	7.3%	7.5%		
Finance costs	13.36	14.48	▼ (1.12)	-7.7%
Income tax expense	1.45	2.06	▼ (0.61)	-29.6%
Profit for the quarter	(6.96)	9.32	▼ (16.28)	-174.6%
	(1.8%)	2.1%		

Compared to the same period last year, the company's performance decreased Baht (16.28) million or (174.6%) as the following reasons:

- Total revenue decreased Baht (59.64) million or (13.5%) from Baht 443.08 million in Q2/2018 to Baht 383.44 million in Q2/2019. The main decrease was derived from engineering service, solar energy, and Trading business.
- Overall gross profit margin decreased from 13.3% to 9.1% amount Baht (24.09) million.

Operating results by business for the three-month period ended 30 June 2019

3 Months	Revenue			Gross profit			Gross profit margin		
	2019	2018	Change	2019	2018	Change	2019	2018	Change
Engineering	127.48	164.88	▼ (37.40)	(1.52)	16.19	▼ (17.71)	-1.2%	9.8%	▼ -11.0%
Management	202.84	189.91	▲ 12.93	18.11	17.63	▲ 0.48	8.9%	9.3%	▼ -0.4%
Solar energy	32.33	32.70	▼ (0.37)	15.30	16.71	▼ (1.42)	47.3%	51.1%	▼ -3.8%
Trading	20.79	55.58	▼ (34.79)	3.07	8.51	▼ (5.45)	14.7%	15.3%	▼ -0.6%
	<u>383.44</u>	<u>443.08</u>	▼ (59.64)	<u>34.96</u>	<u>59.05</u>	▼ (24.09)	<u>9.1%</u>	<u>13.3%</u>	▼ -4.2%

- Decrease in gross profit was mainly derived from the following reasons:
 1. Engineering service (“EN”) had a decrease in gross profit for Baht (17.71) million because of decrease in revenue and revision of estimated project cost of construction and electrical engineering.
 2. Management Service (“MS”) had a increase in gross profit for Baht 0.48 million and gross profit margin is at the same level as the same period last year.
 3. Gross profit of Solar energy (“SE”) decreased Baht (1.42) million, which mainly comes from O&M expense for efficiency of solar energy plant.
 4. Trading business had revenue in Q2/2019 at the same level of gross profit margin.

Other income

Other income increased Baht 0.90 million mainly due to exchange gain.

Selling and administrative expenses

Selling and administrative expenses decreased Baht (5.18) million or 7.5% in Q2/2018 to 7.3% in Q2/2019 due to budgeting control policy. This resulted in decrease in office expenses and staff cost.

Finance costs

The company had a small decrease in finance costs for the solar energy unit Baht (1.12) million or (7.7%). It was since the repayment of long-term borrowing in the solar energy business.

Income tax expense

Income tax decreased Baht (0.61) million or (29.6%), which was mainly derived from the overall operating results.

Explanation and analysis of financial performance for the six-month period ended 30 June 2019

Consolidated financial information (Unit : Million Baht)				
	For six-month period ended 30 June		Change	% Change
	2019	2018		
Revenue	826.68	849.62	▼ (22.93)	-2.7%
Cost	738.78	721.26		
Gross profit	87.90	128.36	▼ (40.46)	-31.5%
Gross profit margin	10.6%	15.1%		
Other income	5.24	0.24	▲ 5.00	
Selling & Admin expenses	54.29	62.58	▼ (8.29)	-13.3%
	6.6%	7.4%		
Finance costs	25.71	27.92	▼ (2.21)	-7.9%
Income tax expense	2.63	4.48	▼ (1.85)	-41.3%
Profit for the quarter	10.52	33.62	▼ (23.11)	-68.7%
	1.3%	4.0%		

Compared to the same period last year, the company's performance decreased Baht (23.11) million or (68.7%) as the following reasons:

- Total revenue decreased Baht (22.93) million or (2.7%) from Baht 849.62 million in 2018 to Baht 826.68 million in 2019. The main decrease was derived from engineering service, solar energy, and Trading business.
- Overall gross profit margin decreased from 15.1% to 10.6% amount Baht (40.46) million.

Operating results by business for the six-month period ended 30 June 2019

6 Months	Revenue			Gross profit			Gross profit margin		
	2019	2018	Change	2019	2018	Change	2019	2018	Change
Engineering	326.90	327.18	▼ (0.28)	22.92	47.81	▼ (24.89)	7.0%	14.6%	▼ -7.6%
Management	412.85	379.67	▲ 33.17	28.83	33.68	▼ (4.85)	7.0%	8.9%	▼ -1.9%
Solar energy	66.15	68.50	▼ (2.36)	33.09	35.62	▼ (2.53)	50.0%	52.0%	▼ -2.0%
Trading	20.79	74.26	▼ (53.47)	3.07	11.25	▼ (8.18)	14.7%	15.1%	▼ -0.4%
	826.68	849.62	▼ (22.93)	87.90	128.36	▼ (40.46)	10.6%	15.1%	▼ -4.5%

- Decrease in gross profit was mainly derived from the following reasons:
 1. Engineering service (“EN”) had a decrease in gross profit for Baht (24.89) million because of low gross profit margin project and revision of estimated project cost of construction and electrical engineering.
 2. Management Service (“MS”) had a decrease in gross profit for Baht (4.85) million. Main reason was that, in Q1/2019, the company already had a renew contract from the main repeat customer who requested the company to prepare the training courses, uniforms and all security equipment for the hired employees.
 3. Gross profit of Solar energy (“SE”) decreased Baht (1.12) million, which mainly comes from an incident of electrical short circuit since Q3/2018. However, in Q1/2019 the company received insurance claim presented as other income.
 4. Trading business had revenue in Q2/2019 at the same level of gross profit margin.

Other income

Other income increased Baht 5.00 million mainly due to insurance claim for opportunity cost of an incident of electrical short circuit in Q3/2018 amount Baht 3.71 million.

Selling and administrative expenses

Selling and administrative expenses decreased Baht (8.29) million or 7.4% in 2018 to 6.6% in 2019 due to budgeting control policy. This resulted in decrease in office expenses and staff cost.

Finance costs

The company had a small decrease in finance costs for the solar energy unit Baht (2.21) million or (7.9%). It was since the repayment of long-term borrowing in the solar energy business.

Income tax expense

Income tax decreased Baht (1.85) million or (41.3%), which was mainly derived from the overall operating results.

Explanation and analysis of financial status as at 30 June 2019

Consolidated financial information (Unit : Million Baht)				
	June 31	December 31	Change	
	2019	2018		
Current assets	1,010.12	927.84	▲	82.28
Non-current assets	1,194.01	1,198.39	▼	(4.38)
Total assets	2,204.13	2,126.23	▲	77.90
Current liabilities	796.81	1,298.46	▼	(501.65)
Non-current liabilities	597.83	27.10	▲	570.73
Total liabilities	1,394.64	1,325.56	▲	69.08
Equity	809.49	800.67	▲	8.83

The group's assets increased by Baht 77.90 million, mainly due to the following reasons:

- Inventories increased by Baht 44.14 million and trade and other receivables increased by Baht 29.80 million. These were primarily due to prepaid expenses and raw materials for engineering service and trading business.
- Restricted cash increased by Baht 13.91 million in accordance with bank overdrafts and short-term borrowings.
- Other non-current assets increased by Baht 7.68 million due to withholding tax and work retention.
- Property, plant and equipment decreased by Baht (18.35) million mainly due to depreciation from solar energy plant.

The group's liabilities increased by Baht 69.08 million, mainly due to the following reasons:

- Bank overdrafts and short-term borrowings from financial institutions increased by Baht 103.73 million due to an increase in short-term borrowings from financial institutions to use as revolving credit for the group and paying to trade payables.
- Long-term borrowings from financial institutions decreased by Baht (35.42) million, which mainly comes from the repayment of long-term borrowing in the solar energy business.

The group's equity increased by Baht 8.83 million, mainly due to the following reasons:

- Operating income of first half of 2019 Baht 10.52 million.
- Retrospective adjustments from changes in accounting policy Baht (1.33) million.