

Translation

CEN 015-2019

November 14, 2019

Subject : Management Discussion and Analysis for business operation in Quarter 3-2019
To : The Manager and President
The Stock Exchange of Thailand

Operating results for the three-month period ended September 30, 2019 of Capital Engineering Network Public Company Limited "Company" and its subsidiaries has loss 217.61 million baht, an increase 277.18 million baht in loss compared to the same period of the previous year, which had loss 59.57 million baht. The details as follow:

Performance Analysis

(1) Revenue

Quarter 3-2019 the company and its subsidiaries has total revenue of 493.86 Million Baht or decline of 46.10 percent when compared to the same period of previous year had 916.32 Million Baht in revenue the details as follow:

- Revenue from sales is 341.94 Million Baht as 106.77 Million Baht decreased or 23.79 percent when compared to the same period of previous year was 448.71 Million Baht. Subsidiaries have decline in sales of steel wires, services but on the other hand more sells electricity and heat energy
- Revenue from project work of 145.40 Million Baht. The company has 166.80 Million Baht decreased or 53.43 percent when compared to the same period of previous year had 312.20 Million Baht due to subsidiaries has less delivered of work.
- Other revenue as amount of 6.52 Million Baht as 43.44 Million Baht decreased or 86.95 percent when compared to same period of previous year as total other revenue of 49.96 Million Baht due to selling scrap of raw material, unrealized profit from investment and decline of interest

(2) Gross Profit

Quarter 3-2019 Company and its subsidiaries had loss from gross profit margin from sales of products and project work in the amount of 30.48 Million Baht or 6.25 percent decreased when compared to the same period of previous year that has 23.57 Million Baht in profit. Due to the decrease in the volume and the selling price of steel wire and UWC has cost of work and project work increased. Due to the recognition of all remaining expenses of the project that has closed according to the purchase order along with the revenue from the delivered of work

(3) Expenses

Quarter 3-2019 company and its subsidiaries has total expenses of 851.33 Million Baht or 39.69 Million Baht decreased from year 2018 which has total expense of 891.02 Million Baht or 4.45 percent declined by following reasons:

- Cost of sales is 328.93 Million Baht when compared to the same period of previous had decreased 119.53 million baht or 26.65 percent when compared to the same period of previous year as amount of 448.46 Million Baht was fluctuates from sale volume

- Cost of project work of 188.89 Million Baht as 99.99 Million Baht decreased or 34.61 percent when compared to previous year was amount of 288.88 Million Baht by fluctuates from project deliver to customer and recognition of all remaining expenses of the project that has closed according to purchase order along with revenue from the delivered of work

- Distribution cost as amount of 7.76 Million Baht as 5.04 Million Baht decreased or 39.38 percent when compared to same period of previous as amount of 12.80 Million Baht due to decline on delivery which cause decline in delivery

- Cost of Administrative of 45.96 Million Baht as decline of 12.79 Million Baht or 21.77 percent when compared to same period of previous year was 58.75 Million Baht.

- Other expense of 20.37 Million Baht due to subsidiary Ua Withya Public Company Limited on loss of impairment as amount of 24.18 Million Baht and reversal of losses from project contracts that create burden as amount of 3.81 Million Baht

- Loss from investment of 243.10 Million Baht as unrealized loss from changes on fair value of investment

- Cost of financial is 14.57 Million Baht. It is 1.52 Million Baht decreased or 9.45 percent when compared to same period of previous year was 16.09 Million Baht

Financial Status

As at September 30, 2019 the company and its subsidiaries has a total asset of 4,802.05 Million Baht as decline of 1,102.02 Million Baht when compared to December 31, 2018 of 5,904.07 Million Baht the details as below:

- Current asset is 2,025.79 Million Baht or 825.82 Million Baht decreased compared to December 31, 2018 had 2,851.61 Million Baht. The company have more cash and equivalent to cash of 69.76 Million Baht, decline temporary money for investment of 161.18 Million Baht, other receivable decreased 341.37 Million Baht (trade account receivable – third parties decreased of 259.48 Million Baht, accounts receivable from related parties decreased of 15.59 Million Baht, declined in other receivable-third parties as of 73.53 Million Baht but increased in accrued income from outsiders of 4.26 Million Baht) less inventory in stock of 259.08 Million Baht due to decrease in work in process, more current assets of 21.24 Million Baht thus non-current assets as classified assets held for sale are sold as at December 31, 2018 as of 152.17 Million Baht

- Non-current asset as amount of 2,776.26 Million Baht decreased of 276.20 Million Baht when compared to December 31, 2018 was 3,052.46 Million Baht. It was decline from bank deposits that are pledged as collateral 15.20 Million Baht, available-for-sale investments decreased 126.83 Million Baht, finance lease receivables decreased 3.85 Million Baht, investment in associated companies decreased 51.52 Million Baht, fixed assets decreased 70.11 Million Baht (buy additional assets 33.45 Million Baht and decrease from disposals-net 6.30 Million Baht, decreased from depreciation of 95.61 Million Baht), decline in intangible assets from amortization of 19.11 Million Baht and more non-current assets of 9.07 Million Baht

Source of Fund

Liabilities

- As at September 30, 2019 the company has total liabilities of 1,843.72 Million Baht or 243.60 Million Baht decreased when compared to December 31, 2018 was 2,087.32 Million Baht by Rayong Wire Industries Public Company Limited has decline on short term loans from financial institute of 69.02 Million Baht, decreased in trade and other payables of 214.64

Million Baht (trade payable – third parties decreased of 199.31, other payables decreased by third parties of 14.52 Million Baht, other external parties decreased by 12.70 million baht, pay the creditors from the purchase of subsidiary 16.55 Million Baht but more advanced receipts from outsiders 28.29 Million Baht). Ua Withya Public Company Limited has recorded of provision for liabilities from project contracts that create burden of 32.19 Million Baht due to price of raw materials are fluctuate (from date purpose price to customer), more short term loans from other company of 19.50 Million Baht, subsidiary of UWC has long term loans from financial institution of 330.00 Million Baht, UWC paid loans of 300.00 Million Baht, subsidiary payback long-term loans of 34.42 Million Baht, decrease in Deferred tax liabilities of 24.72 Million Baht, more provision for additional employee benefits 16.31 Million Baht and increased revenue for recognition 22.23 Million Baht.

Proportion of Shareholder

- As September 30, 2019 the company has proportion of shareholders of 2,110.60 Million Baht or 483.48 Million Baht decreased when compared to December 31, 2018 was 2,594.08 Million Baht due to the company has loss from business operation.

Please be informed for acknowledgement,

Sincerely yours,

Mr. Wutichai Leenabanchong

Chairman