

No. 2/2020

25 February 2020

President  
The Stock Exchange of Thailand  
93 Ratchadapisek Road, Kwang Dindaeng, Khet Dindaeng,  
Bangkok 10400

Subject : Clarification of the operating result.

Dear sir,

We, Unimit Engineering Public Company Limited (UEC), would like to clarify the change in the operating results for 2019 which has had a change of over 20% from the same period last year.

Unimit and its subsidiaries have contract revenues that amount to Baht 888 million in 2019, which is an increase of around Baht 43 million (5%) with a net loss of Baht 152 million; an increase of Baht 115 million in terms of loss compared to 2018, which had a net loss of Baht 37 million.

In line with contractual obligation, the company was obliged to deliver the major projects within the first nine months of 2019. Thus, in order to cope with the time frame, substantial subcontractors costing was employed for 2019.

The huge operating loss in 2019 is an underestimation of workload on major projects, which cause the loss at the contract profit margin level.

One reason for net loss is because of the lower prices for these projects which were awarded during Q4/2017 – Q1/2018 due to market competition and low factory workload at the time. In addition, these Projects startup delays meant that, instead of the staggered production as originally planned, these projects started and would be completed in the similar time periods. This caused work overload and shortage of skilled workers Q4/2018 and into Q1/2019, resulting on cost overrun. And another reason is a one-time charge of Baht 13 million to adjust the retirement benefits in accordance with the latest changes in Labor Protection Act.

A plot of land, non-performing assets had been sold in December with a net gain of Baht 56 million.

## **Discussion and Analysis of the Company and its subsidiaries Operational Results in 2019 and 2018**

### **Corporate Revenue**

In 2019 the Company and its subsidiaries' total earnings amount to Baht 950 million, consisting of Baht 888 million of contract revenue, Baht 55 million of gain on sales of land and Baht 7 million of other income and interest. This is an increase of Baht 70 million (8%) from 2018.

2019's total earnings were solely from the Company and not its subsidiaries.

The changes are as follows:

The 2019 contract revenue is Baht 888 million, an increase of Baht 43 million (5%) from 2018's Baht 846 million. This is mainly due to most major contracts being completed and recognized within 2019.

The 2019 total other income is Baht 62 million, an increase of Baht 27 million from 2018's Baht 35 million. This is due to the gain of selling a plot of land in December 2019.

### **Costs and Expenses**

In 2019, the company and its subsidiaries' cost of goods sold, and operating expenses has increased by Baht 190 million (21%) from 2018's Baht 919 million to Baht 1,109 million.

The changes are as follows:

There is an increase in contract costs of Baht 161 million (20%) from 2018's Baht 798 million resulting in 2019's value of Baht 959 million. This is the consequence of the contractual obligation due in 2019.

There is also an increase in the operating expenses of Baht 29 million, from Baht 122 million in 2018 to Baht 151 million in 2019. This is due to the operating cost of Baht 14 million in Unimit Engineering Myanmar and a provision for doubtful debt on a client of Baht 17 million.

### **Profit / (Loss)**

The Company and its subsidiaries' net loss is amount Baht 152 million in 2019. This loss is Baht 115 million higher than the net loss in 2018's value of Baht 37 million.

Please be informed accordingly.

Sincerely yours,

Mr.Prasit Hanpiyavatanasakul  
Authorized Signature