



Ref. ETE-63/015

May 11, 2020

The President of the Stock Exchange of Thailand

Subject: Submission of consolidated and separate financial information
and management discussion and analysis for the three-month period ended 31 March 2020

Eastern Technical Engineering Public Company Limited would like to submit consolidated and separate financial information for the three-month period ended 31 March 2020 and management discussion and analysis. Please see the attached document for the information

Please be informed accordingly.

Sincerely yours,

Mr.Raivin Lekavorranan

Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

- Explanation and analysis of financial performance for the three-month period ended 31 March 2020
- Explanation and analysis of financial status as at 31 March 2020

Explanation and analysis of financial performance for the three-month period ended 31 March 2020

	Consolidated financial information (Unit : Million Baht)			
	3 Months		Change	% Change
	2020	2019		
Revenue	382	443	(61)	-14%
Cost	329	390		
Gross profit	53	53	(0)	-1%
Gross profit margin	13.8%	11.9%		
Other income	0	4	(4)	-97%
Selling & Admin expenses	30	26	4	16%
	7.9%	5.9%		
Finance costs	13	12	1	7%
Share of loss from associate	0	-		
Income tax expense	(0)	1	(1)	
Profit for the quarter	9	17	(8)	
	2.5%	3.9%		

Compared to the same period last year, the company's performance decreased Baht (8) million as the following reasons:

- Total revenue decreased Baht (61) million or (14%) from Baht 433 million in Q1/2019 to Baht 382 million in Q1/2020. The main decrease was derived from the engineering service.
- Overall gross profit margin increased from 11.9% to 13.8% at the same amount Baht 53 million.

Operating results by business for the three-month period ended 31 March 2020

	Revenue			Gross profit			Gross profit margin		
	2020	2019	Change	2020	2019	Change	2020	2019	Change
Engineering	113	199	(86)	16	24	(8)	14.4%	12.3%	2.1%
Management	232	210	22	16	11	6	7.0%	5.1%	1.9%
Solar energy	37	34	3	20	18	2	54.2%	52.6%	1.5%
	<u>382</u>	<u>443</u>	<u>(61)</u>	<u>53</u>	<u>53</u>	<u>(0)</u>	<u>13.8%</u>	<u>11.9%</u>	<u>1.8%</u>

- Decrease in gross profit was mainly derived from the following reasons:
 1. Engineering service (“EN”) had a decrease in gross profit for Baht (8) million because of decrease in revenue. However, gross profit increased from 12.3% in Q1/2019 to 14.4% in Q1/2020.
 2. Management Service (“MS”) had a increase in gross profit for Baht 6 million. Main reason was both client retention and new client. Moreover, gross profit margin increased from 5.1% to 7.0%.
 3. Gross profit of Solar energy (“SE”) increased Baht 2 million, which mainly comes from increase in revenue. In addition, gross profit margin was at the same level.

Other income

Other income decreased Baht (4) million because of insurance claim for opportunity cost of an incident of electrical short circuit in Q1/2019 which is one-time revenue.

Selling and administrative expenses

Selling and administrative expenses increased Baht 4 million or 5.9% in Q1/2019 to 7.9% in Q1/2020 due to increase in staff cost and selling expenses for new 10 subsidiaries.

Finance costs

Finance costs increased Baht 1 million or 7% because of increase in short-term borrowings from financial institutions during Q1/2020 compared to Q1/2019.

Income tax expense

Income tax decreased Baht (1) million, which was mainly derived from the overall operating results.

Explanation and analysis of financial status as at 31 March 2020

Consolidated financial information (Unit : Million Baht)			
	March 31	December 31	Change
	2020	2019	
Current assets	987	996	(9)
Non-current assets	1,201	1,195	7
Total assets	<u>2,188</u>	<u>2,190</u>	(2)
Current liabilities	797	794	3
Non-current liabilities	555	569	(14)
Total liabilities	<u>1,352</u>	<u>1,363</u>	(12)
Equity	836	827	9

The group's assets decreased by Baht (2) million, mainly due to the following reasons:

- Trade and other receivables decreased Baht (26) million because of payment due of trade receivables.
- Property, plant and equipment decreased Baht (9) million due to depreciation of solar plant.
- Contract assets decreased Baht (4) million derived from billing amount of engineering service.
- Restricted cash decreased Baht (2) million while cash and cash equivalents increased Baht 31 million because of payment due of trade receivables.
- Inventories increased by Baht 9 million. This was primarily due to raw materials for engineering service.

The group's liabilities decreased by Baht (12) million, mainly due to the following reasons:

- Bank overdrafts and short-term borrowings from financial institutions decreased Baht (42) million due to decrease of notes payable from financial institutions compared to YE2019.
- Long-term borrowings from financial institutions decreased by Baht (17) million, which mainly comes from the repayment of long-term borrowing in the solar energy business.
- Trade and other payables increased by Baht 51 million because of deposits received in advanced and accrued payroll expenses for management service.

The group's equity increased by Baht 9 million, mainly due to operating income of Q1/2020.