

Management Discussion and Analysis Q1-2020

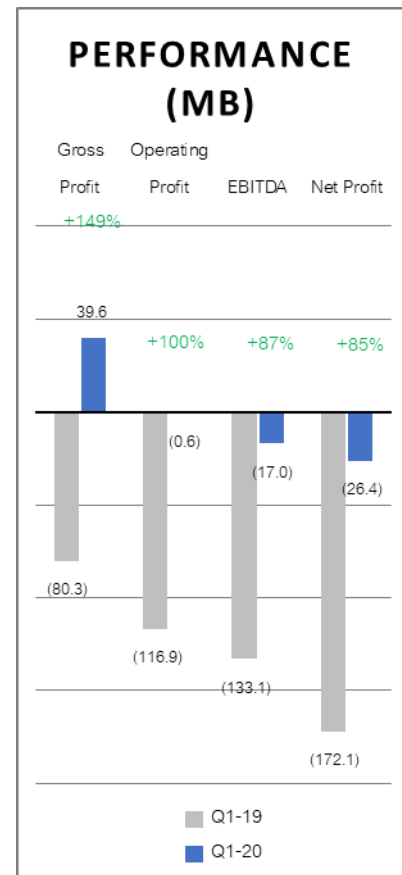
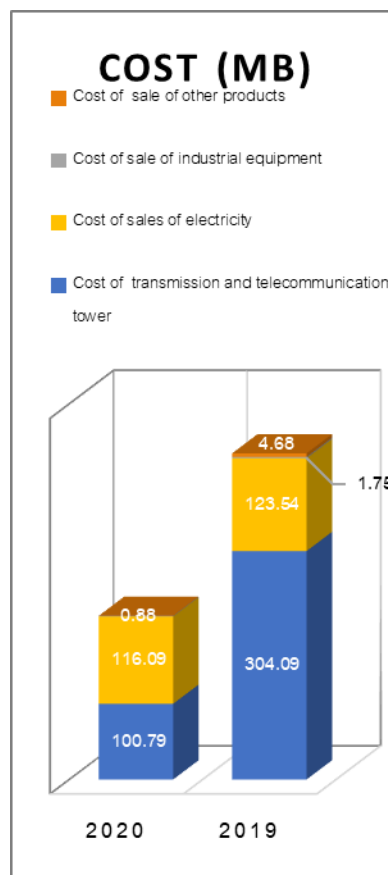
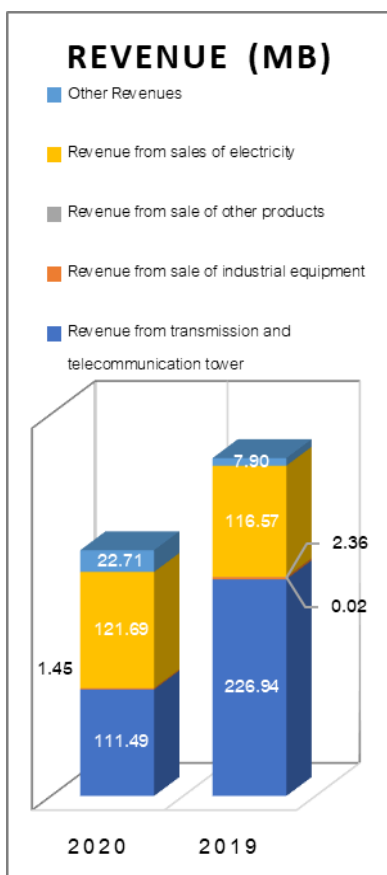
14 May 2020

KEY EVENT IN Q1-2020

After UWC announced a corporate and business strategy restructuring in 2019 in order to enhance corporate efficiency and growth resulting in favourable operating results by achieving 12% gross profit margin in Q1-2020.

UWC determined to continuously improve its strategic management in contemplation of enhancing business efficiency to accommodate sustainable growth.

PERFORMANCE OVERVIEW



Company's Performance For Quarter 1 Year 2020 (Million Baht)	Q1		+ (-)	
	2020	2019	MB	%
Revenue from transmission and telecommunication tower	234.63	345.89	(111.25)	-32.16%
Other Revenues	22.71	7.90	14.81	187.42%
Total Revenue	257.35	353.79	(96.44)	-27.26%
Cost of goods sold and cost of services	217.76	434.06	(216.31)	-49.83%
Gross Profit (Loss)	39.59	(80.28)	119.87	-149.32%
Selling and Administrative Expenses	40.15	36.61	3.53	9.65%
Operating Profit (Loss)	(0.56)	(116.89)	116.33	-99.52%
Shares of loss in of associates	-	1.28	(1.28)	-100.00%
Financing Cost	19.03	17.16	1.87	10.87%
EBIT	(19.59)	(135.33)	115.74	-85.53%
Corporate Tax (Expenses) Rev	(7.61)	(39.81)	32.19	-80.87%
Net Profit (Loss)	(27.20)	(175.13)	147.93	-84.47%
Currency differences on translation	(2.16)	(0.58)	(1.58)	270.94%
Total Comprehensive income for ther period	(29.36)	(175.72)	146.36	-83.29%
Total comprehensive income (loss) attributable to owners of the parent	(26.35)	(172.13)	145.78	-84.69%

Revenue

Revenue structure For Quarter 1 Year 2020 (Million Baht)	Q1				+ (-)	
	2020	%	2019	%	MB	%
Revenue from transmission and telecommunication tower	111.49	43.32%	226.94	64.15%	(115.45)	-50.87%
Revenue from sales of electricity	121.69	47.29%	116.57	32.95%	5.13	4.40%
Revenue from sale of industrial equipment	1.45	0.56%	2.36	0.67%	(0.91)	-38.46%
Revenue from sale of other products	-	0.00%	0.02	0.01%	(0.02)	-100.00%
Other Revenues	22.71	8.83%	7.90	2.23%	14.81	187.44%
Total Revenue	257.35	100.00%	353.79	100.00%	(96.44)	-27.26%

Major revenue of The Group mainly came from revenue from transmission and telecommunication tower and revenue from sales of electricity. In Q1-2020, The Group reported revenue from transmission and telecommunication tower and revenue from sale of electricity in the amount of THB 111.49 million and THB 121.69 million, accounted for 43.32% and 47.29% of total revenue respectively.

The Group recorded THB 257.35 million of total revenue in Q1-2020, decreased by 27.26% comparing to THB 353.79 million of the same period last year ("QoQ").

- Revenue from transmission and telecommunication tower decreased by 50.87% QoQ as a result of rescheduling of delivery plan by major customer.
- Revenue from sale of electricity rose by 4.40% QoQ as a result of ongoing repair and maintenance of the overall power generator which gradually improve power supply capacity and escalate power to grid.
- Revenue from sale of industrial equipment dropped by 38.46% QoQ due to decrease in demand on products.
- Other revenues comprise of revenue from sale of scrap and zinc and machinery rental.

Cost of Goods Sold

Cost of good sold For Quarter 1 Year 2020 (Million Baht)	Q1				+ (-) %
	2020	% of Sale	2019	% of Sale	
Cost of transmission and telecommunication tower	100.79	90.40%	304.09	133.99%	-43.59%
Cost of sales of electricity	116.09	95.39%	123.54	105.99%	-10.59%
Cost of sale of industrial equipment	0.88	60.62%	1.75	74.18%	-13.56%
Cost of sale of other products	-	-	4.68	25227.14%	N/A
Total Cost of Good Sold and Service	217.76	84.62%	434.06	122.69%	-49.83%

- Cost to revenue from transmission and telecommunication tower ratio in Q1-2020 decreased by 43.59% QoQ resulting from accomplishment of cost management policy,
- Cost to revenue from sale of electricity ratio in Q1-2020 dropped by 10.59% QoQ resulting from improving in production capability, efficiency and fuel management.
- Cost to revenue from sale of industrial equipment ratio in Q1-2020 decreased by 13.56% QoQ resulting from mix of lower cost structure products.

Selling and Administration Expenses

Selling and Administrative Expenses For Quarter 1 Year 2020 (Million Baht)	Q1				+ (-) %
	2020	% of Total	2019	% of Total	
Selling Expenses	1.07	0.41%	1.26	0.36%	0.06%
Administrative Expenses	39.08	15.19%	35.35	9.99%	5.19%
Total Selling and Administrative Expenses	40.15	15.60%	36.61	10.35%	5.25%

- Selling expenses to total revenue ratio in Q1-2020 rose by 0.06% QoQ resulting primarily from decreasing in total revenue.
- Administrative expenses to total revenue ratio in Q1-2020 QoQ increased by 5.19% due to decrease in total revenue.

Net Profit (Loss)

Net loss in Q1-2020 was THB 27.20 million, decreased by 84.47% from THB 175.13 million from those of same period last year. Net loss attributed to owners of the parent was THB 26.55 million, dropped by 84.57% from THB 172.13 million from those of same period last year.

FINANCIAL POSITION

Statement of Financial Position For Quarter 1 Year 2020 (Million Baht)	31-Mar 2020	31-Dec 2019	เพิ่ม (ลด)	
			ล้านบาท	%
ASSETS				
Total Current Assets	1,507.60	1,879.09	(371.49)	-24.64%
Total Non-current Assets	413.72	421.26	(7.54)	-1.82%
TOTAL ASSETS	1,921.33	2,300.35	(379.03)	-19.73%
LIABILITIES				
Total Current Liabilities	1,398.43	1,448.95	(50.52)	-3.61%
Total Non-current Liabilities	84.20	376.72	(292.52)	-347.42%
TOTAL LIABILITIES	1,482.63	1,825.67	(343.03)	-23.14%
SHAREHOLDERS' EQUITY				
Issued and paid-up share capital	1,316.25	1,316.25	-	0.00%
Premium on ordinary shares	264.33	264.33	-	0.00%
Surplus - warrants	310.00	310.00	-	0.00%
Retained earnings	(1,657.71)	(1,624.52)	(33.19)	2.00%
Other components of shareholders' equity	215.96	217.27	(1.31)	-0.61%
Non-controlling Interests	(10.14)	(8.65)	(1.50)	14.76%
TOTAL SHAREHOLDERS' EQUITY	438.69	474.69	(35.99)	-8.20%

Assets

As of Q1-2020, total assets on consolidated basis amounted to THB 1,921.33 million dropped by THB 379.03 million from those as at December 31, 2019 primarily due to:

- Cash and cash equivalent decreased by THB 224.66 million due to redemption of debenture in January 2020 in the amount of THB 300 million
- Trade and Other Current Receivables decreased by THB 159.65 million from those as at December 31, 2019 to THB 87.65 million as a result of collection of the receivables along with low receivable balance from decreasing in total revenue.

- Inventories decreased from THB 238.24 million as at December 31, 2019 to THB 212.99 million as at Q1-2020 due to usage of raw material in stock and impairment of raw material.
- Disposal asset group classified as held for sales decreased from THB 1,136.81 million as at December 31, 2019 to THB 1,099.28 million as at Q1-2020 as a result of the following factions:
 - Decreasing in Disposal asset group classified as held for sales of Power Plants business unit in the amount of THB 52.83 million due to movement of net working capital in Q1-2020. The disposal of the Power Plants business unit approved by the Company's board of directors has been classified as an asset held for sale due to the Letter of Interest from prospect investors and the high potential to success. However, the due diligence of the business unit is currently undertaken to evaluate the pricing.
 - Increasing in the amount of THB 15.30 million due to grouping of machinery and equipment of energy crops business unit which has been ceased operation since last year as a disposal asset held for sale.

Liabilities

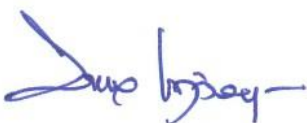
As of Q1-2020, total liabilities on consolidated basis decreased to THB 343.03 million from THB 1,482.63 million as at December 31, 2019 primarily due to:

- Decrease in provision from onerous project contract of transmission and telecommunication towers in the amount of THB 19.61 million due to recognition of revenue and profit margin from such project with lower production cost than projected.
- Redemption of debenture in January 2020 in the amount of THB 300 million
- Repayment of short-term borrowings from related parties in the amount of THB 20.85 million.

Shareholders' Equity

As of Q1-2020, total equity on consolidated basis dropped from THB 474.69 million on December 31, 2019 to THB 438.69 million mainly due to THB 26.35 million of net loss and THB 6.64 million of impact from adopting new Thai Financial Reporting Standards (TFRS), TFRS No.9: Financial Instruments and TFRS No.16: Leases, in the current period financial statement by adjustment in brought-forward retained earnings as at January 1, 2020.

Please be informed accordingly



(Mr. Monthon Chatuwatlopkul)

Company Secretary