

Management Discussion and Analysis for the Year 2020

1 March 2021

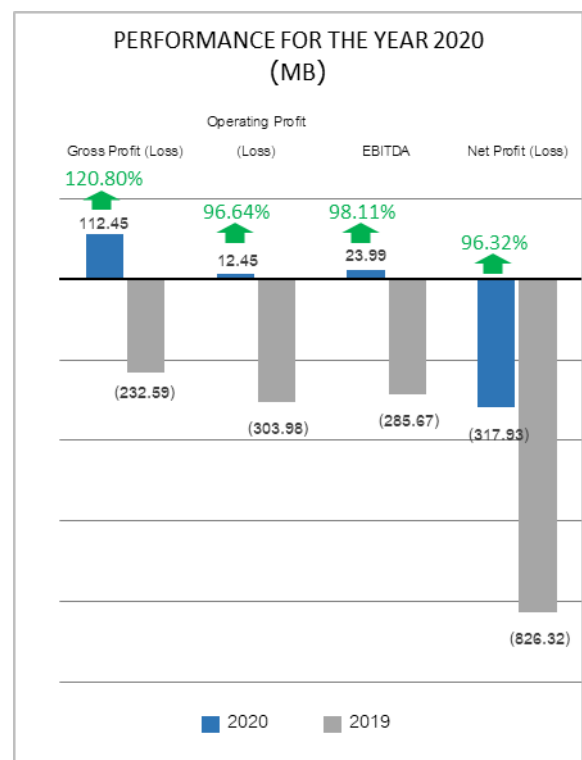
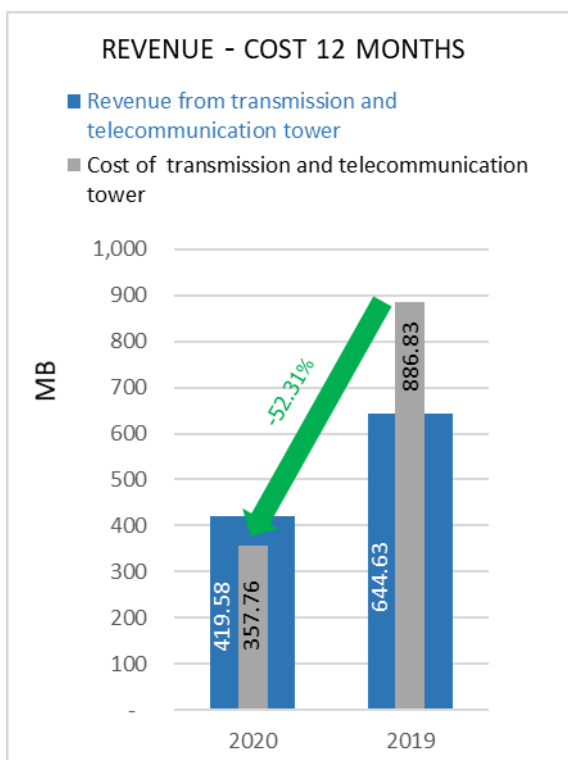
In the 3-month period of Q4-2020, UWC reported gross margin of THB **28.04** million, increased by 120.46% QoQ. However, UWC recorded net loss of THB 17.64 million decreased by 94.24% QoQ.

For the Year 2020, UWC recorded gross margin of THB **112.45** million, EBIT of THB **12.45** million and net loss of THB 317.93 million primarily due to:

- THB 233.38 million of loss from Power Plant Business (which has been disposed since Q3-2020)
- THB 45.43 million of impairment of assets in parent company and its subsidiaries (which has been terminated their operations).

2020 is the year that bring massive change of UWC as a consequence of the corporate and business strategy restructuring together with business reorganization in order to enhance corporate efficiency and growth contributing to favourable operating results by achieving gross profit margin and EBITDA since Q1-2020.

UWC Group's performance and profitability for the year 2020 are as follows:



Cost to revenue from transmission and telecommunication tower ratio decreased by 52.31% YoY resulting from decreasing in revenue and accomplishment of cost management policy,

Profitability For Year End	For Year End		+ (-)
	2020	2019	%
Gross Profit (Loss)	112.45	(232.59)	148.35%
Operating Profit (Loss)	12.45	(303.98)	104.10%
EBITDA	23.99	(285.67)	108.40%
Net Profit (Loss)	(317.93)	(826.32)	61.52%

- **Gross margin:** UWC has recorded gross margin since Q1-2020 due to accomplishment of cost management policy.
- **Operating Profit:** rose by 104.10% YoY
- **EBITDA:** it was made evident that the corporate and business strategy restructuring, efficient cost management together with business reorganization by emphasizing in its core business and disposition of non-performing business units achieving a favorable result by no realizing of depreciation and carrying successive losses of Power Plant business performance.
- **Net loss:** net loss of 2020 decreased by 61.52% YoY. Net loss attributed to owners of the parent was THB 310.61 million, dropped by 61.24% YoY.

The crucial turnaround was the business operational restructuring by disposition of Power Plant Business, the non-performing business unit, and emphasizing in its core business which is transmission and telecommunication tower business along with seeking for new opportunities to generate income both domestically and internationally.

The disposition of Power Plant business brought up financial liquidity to enable UWC to focus on investments in its core business as well as decreased the THB 620 million of debts in terms of financial institutions and debenture together with minimizing the impacts from full loan guarantee provided to Power Plant business and its high debt resulting in decreasing in debt to equity ratio. Furthermore, UWC was able to make a prepayment of the debenture by using proceed from the disposition transaction which helped UWC to decrease its interest expenses more than TH 10 million also enhance its debt service ability. Above all, UWC mitigated risk from carrying successive losses of overall performance of Power Plant business caused by less productive machinery along with cutting down provision of financial support for Power Plant business.

Consequently, the aforementioned disposition of 3 subsidiaries engaging in Power Plant Business, Auditor is of the opinion that the reclassification of revenues and expenses of Power Plant Business Units in consolidated financial statement should be done by being shown the net transaction in "Loss for the Period from Discontinued Operation" so there is no comparative analysis of the revenue and cost from electricity for this period.

Company's Performance For Year End	For Year End		+ (-)	
	2020	2019	MB	%
Revenue from transmission and telecommunication	419.58	644.63	(225.05)	-34.91%
Other Revenues	54.19	18.21	35.97	197.49%
Total Revenue	473.77	662.84	(189.08)	-28.53%
Cost of goods sold and cost of services	361.31	895.44	(534.12)	-59.65%
Gross Profit (Loss)	112.45	(232.59)	345.05	148.35%
Selling and Administrative Expenses	100.00	85.05	14.95	17.58%
Operating Profit (Loss)	12.45	(317.64)	330.09	103.92%
Non-operating income/expense				
Loss in impairment of assets	(45.43)	(124.62)	79.18	63.54%
(Gain)/Loss from impairment of investment	-	(69.87)	69.87	100.00%
(Gain)/Loss from sale of investment in securities	(2.36)	(0.76)	(1.61)	-212.75%
Shares of profit (loss) in of associates	(2.66)	(28.93)	26.27	90.80%
Financing Cost	(42.35)	(53.53)	11.18	20.88%
EBIT	(80.36)	(595.34)	514.99	86.50%
Corporate Tax (Expenses) Rev	(4.34)	0.87	(5.20)	-600.05%
Net Profit (Loss)	(84.70)	(594.48)	509.78	85.75%
Actualrial gain/(loss)	(10.17)	(4.48)	(5.69)	-127.01%
Loss for the period from discontinued operation	(233.38)	(241.56)	8.18	3.39%
Changes in revaluation surplus	9.61	-	9.61	N/A
Currency differences on translation	0.72	0.54	0.18	32.88%
Total Comprehensive income for ther period	(317.93)	(839.98)	522.05	62.15%
Total comprehensive income (loss) attributable to owners of the parent	(310.61)	(801.30)	490.69	61.24%

Major revenue of The Group mainly came from revenue from transmission and telecommunication tower accounted for 97.25% of total revenues.

Revenue structure For Year End	For Year End				+ (-) %
	2020	%	2019	%	
Revenue from transmission and telecommunication tower	419.58	88.56%	644.63	97.25%	-34.91%
Other Revenues	54.19	11.44%	18.21	2.75%	197.49%
Total Revenue	473.77	100.00%	662.84	100.00%	-28.53%

The total revenue in 2020 decreased by 28.53% YoY..

- **Revenue from transmission and telecommunication tower** decreased by 34.91% YoY being impacted by the COVID-19 outbreak and inspection rescheduling by EGAT. However, the remaining order was completely inspected and delivered as planned in Q4-2020.
- **Other revenues** comprise of revenue from sale of industrial equipment, revenue from sale of scrap and zinc, machinery rental, gain from insurance claims and gain from debt settlement with supplier.

Selling and Administrative Expenses For Year End	For Year End				+ (-) %
	2020	% of Total Revenue	2019	% of Total Revenue	
Selling and Administrative Expenses	100.00	21.11%	71.39	10.77%	10.34%
Total Selling and Administrative Expenses	100.00	21.11%	71.39	10.77%	10.34%

Selling and administrative expenses to total revenue ratio rose by 10.34% YoY resulting primarily from seeking for new opportunities domestically and internationally activities of subsidiaries. Nevertheless, SGA of Parent Company decreased from THB 85.05 million in 2019 to THB 78.76 million in 2020 as the result of efficient expense management policy.

Financial Position

Statement of Financial Position For Year End	31-Dec	31-Dec	+ (-)	
	2020	2019	MB	%
ASSETS				
Total Current Assets	238.87	1,879.09	(1,640.22)	-686.66%
Total Non-current Assets	440.08	421.26	18.82	4.28%
TOTAL ASSETS	678.95	2,300.35	(1,621.40)	-238.81%
LIABILITIES				
Total Current Liabilities	452.80	1,448.95	(996.14)	-219.99%
Total Non-current Liabilities	76.02	376.72	(300.70)	-395.56%
TOTAL LIABILITIES	528.82	1,825.66	(1,296.84)	-245.23%
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	(1,927.08)	(1,624.52)	(302.56)	15.70%
Other components of shareholders' equity	202.52	217.27	(14.75)	-7.28%
Non-controlling Interests	(15.90)	(8.65)	(7.25)	45.60%
TOTAL SHAREHOLDERS' EQUITY	150.13	474.69	(324.56)	-216.19%

As of December 31, 2020, total assets on consolidated basis dropped by THB 1,621.40 million from those as at December 31, 2019 primarily due to:

- Investment in Power Plant Business Units decreased in the total amount of THB 1,124.13 million due to the disposition of its investment on August 21, 2020.
- Cash and Cash Equivalent decreased by THB 228.61 million due to redemption of debenture in January 2020 in the amount of THB 300 million.
- Account receivable decreased by THB 109.03 due to collection from customers.
- Inventories decreased by THB 141.68 million due to usage of raw material in stock and delivery of finished goods.

As of December 31, 2020, total liabilities on consolidated basis decreased by THB 1,296.84 million primarily caused by:

- Redemption of debenture in the total amount of THB 600 million, THB 300 million in January 2020 and THB 300 million in September 2020.

- Decrease in Liabilities from Power Plant business in the total amount of THB 429.63 million resulting from disposition of the investment on August 21, 2020.
- Decrease in Provision from Onerous Project Contract of Transmission and Telecommunication Towers in the amount of THB 64.69 million due to recognition of revenue and profit margin from such project with lower production cost than projected.
- Decrease in Deposit from Customers in the amount of THB 51.23 million resulting from receiving payment from customers.
- Repayment of account payable in the amount of THB 131.25 million
- Repayment of short-term borrowings from related parties in the amount of THB 30.00 million.
- Decreased in Payable for Purchase of Subsidiary in the amount of THB 12.25 million.

As of December 31, 2020, total equity on consolidated basis dropped by THB 324.56 million mainly due to THB 317.93 million of net loss and THB 6.63 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

(Ms.Onchulee Lawsmithikul)

Company Secretary