

Translation  
CEN 020-2020

November 16, 2020

Subject Management discussion and analysis for business operation Quarter 3-2020  
To The Manager and President  
The Stock Exchange of Thailand

For 3 months period of business operation as ended September 30, 2020 of Capital Engineering Network Public Company Limited “company” and subsidiaries has loss of 104.21 Million Baht as 202.41 Million Baht decreased when compared to same period of previous year of 306.63 Million Baht as following details:

## Performance Analysis

### (1) Revenue

REVENUE FOR THE THIRD QUARTER (Million Baht)	FOR THE THREE-MONTH				Increased (Decreased)		FOR THE NINE-MONTH				Increased (Decreased)	
	2020	%	2019	%	Amount	%	2020	%	2019	%	Amount	%
Revenue from sale	244.81	58.23%	341.94	69.24%	(97.12)	-28.40%	845.62	61.48%	1,137.85	67.38%	(292.23)	-25.68%
Revenue from manufacturing and service	119.06	28.32%	145.40	29.44%	(26.34)	-18.11%	335.58	24.40%	521.55	30.88%	(185.97)	-35.66%
Dividend income	0.0002	0.000%	-	-	0.0002	-	0.13	0.01%	-	-	0.13	100.00%
Gain from measurement of financial asset	-	-	-	-	-	-	72.03	5.24%	-	-	72.03	100.00%
Gain on sales of financial asset	1.95	0.46%	-	0.00%	1.95	100.00%	23.79	1.73%	2.41	0.14%	21.38	888.94%
Interest income	3.05	0.73%	2.57	0.52%	0.47	18.41%	13.12	0.95%	12.28	0.73%	0.84	6.83%
Other income	51.55	12.26%	3.95	0.80%	47.60	1206.61%	85.25	6.20%	14.63	0.87%	70.63	482.78%
<b>Total Revenue</b>	<b>420.42</b>	<b>100.00%</b>	<b>493.86</b>	<b>100.00%</b>	<b>(73.44)</b>	<b>-14.87%</b>	<b>1,375.52</b>	<b>100.00%</b>	<b>1,688.71</b>	<b>100.00%</b>	<b>(313.19)</b>	<b>-18.55%</b>

Quarter 3-2020 company and its subsidiaries has total revenue of 420.42 Million Baht as 73.44 Million Baht decreased or 14.87 percent when compared to same period of previous year of 493.86 Million Baht as follows:

- Revenue from sales of 244.81 Million Baht as 97.12 Million Baht decreased of 28.40 percent when compared to same period of previous year of 341.94 Million Baht by subsidiaries have decline in sales of electricity and heat energy due to temporary shut down for machine maintenance according to usage cycle in order to increase efficiency of generation of electricity and biomass power plant in the previous quarter
- Revenue from projects of 119.06 Million Baht as 26.34 Million Baht decreased or 18.11 percent when compared to the same period of previous year of 145.40 Million Baht due to affective of COVID-19 which causing the Electricity Generating Authority of Thailand to postpone reception of some high-voltage poles
- Other revenue of 51.55 Million Baht as 47.60 Million Baht increased or 1,206.61 percent when compared to same period of previous year of 3.95 Million Baht due to revenue from selling scrap of steel and zinc as well as received compensation from trade payable

## (2) Expenses

EXPENSES FOR THE THIRD QUARTER (Million Baht)	FOR THE THREE-MONTH				Increased (Decreased)		FOR THE NINE-MONTH				Increased (Decreased)	
	2020	% per Revenue	2019	% per Revenue	Amount	%	2020	% per Revenue	2019	% per Revenue	Amount	%
Cost of goods sold	279.52	66.49%	328.93	66.60%	(49.40)	-15.02%	880.29	64.00%	1,134.34	67.17%	(254.05)	-22.40%
Cost of steel tower manufacturing and rendering service	102.24	24.32%	185.08	37.48%	(82.84)	-44.76%	285.04	20.72%	657.40	38.93%	(372.36)	-56.64%
Cost of distribution	7.16	1.70%	7.76	1.57%	(0.59)	-7.62%	19.77	1.44%	27.57	1.63%	(7.80)	-28.29%
Administrative expenses	9.00	2.14%	47.72	9.66%	(38.71)	-81.13%	135.17	9.83%	221.63	13.12%	(86.46)	-39.01%
Loss from measurement of financial asset	31.32	7.45%	243.10	49.23%	(211.79)	-87.12%	-	0.00%	267.84	15.86%	(267.84)	-100.00%
Loss on impairment of asset	45.94	10.93%	-	0.00%	45.94	100.00%	47.46	3.45%	47.03	2.78%	0.44	0.93%
Loss on Impairment of Investment	-	0.00%	24.18	4.90%	(24.18)	-100.00%	149.44	10.86%	-	0.00%	149.44	100.00%
Cost of production temporarily stopped	21.91	5.21%	-	0.00%	21.91	100.00%	21.91	1.59%	-	0.00%	21.91	100.00%
Finance cost	12.19	2.90%	14.57	2.95%	(2.38)	-16.33%	43.41	3.16%	47.00	2.78%	(3.59)	-7.65%
<b>Total Expenses</b>	<b>509.29</b>	<b>121.14%</b>	<b>851.33</b>	<b>172.38%</b>	<b>(342.04)</b>	<b>-40.18%</b>	<b>1,582.48</b>	<b>115.05%</b>	<b>2,402.81</b>	<b>142.29%</b>	<b>(820.32)</b>	<b>-34.14%</b>

Quarter 3-2020 company and its subsidiaries has total expenses of 509.29 Million Baht as 342.04 Million Baht decreased from year 2019 which has total expense of 851.33 Million Baht or 40.18 percent decreased by following reasons:

- Cost of sales products of 279.52 Million Baht as 49.40 Million Baht or decreased 15.02 percent when compared to same period of previous year of 328.93 Million Baht due to better concise cost management
- Project cost of 102.24 Million Baht as 82.84 Million Baht decreased or 44.76 percent when compared to same period of previous year of 185.08 Million Baht by fluctuation from project quantity delivered to customers and recognize all remaining expenses of project work that has closed the work as per the purchase order and also result of the more efficient in term of cost management of company
- Cost of distribution of 7.16 Million Baht as 0.59 Million Baht decreased or 7.62 Million Baht when compared to same period of previous year of 7.76 Million Baht due to deducted in sale volume both domestic and international
- Cost of administrative of 9.00 Million Baht as 38.71 Million Baht decreased or 81.13 percent when compared to same period of previous year of 47.72 Million Baht mainly due to decrease income in main activity and there is a reduction in expenses that are more than necessary
- Loss from asset impairment of 45.94 Million Baht increase in this quarter due to loss from impairment of investment of assets in power plant business of Ua Withya Public Company Limited as a result of entering into investment purchase agreement and transfer of claims on loan. All power plant business of Ua Withya Public Company Limited to Absolute Clean Energy Public Company Limited has delivered the business on August 21, 2020.

## Financial Status

FINANCIAL POSITION FOR THE THIRD QUARTER (Million Baht)	30 Sep	31 Dec	Increase(decrease)	
	2020	2019	Million Baht	%
<b>ASSETS</b>				
Current Assets	1,430.18	2,639.01	(1,208.83)	-45.81%
Non-Current Assets	1,407.30	1,529.70	(122.40)	-8.00%
<b>Total assets</b>	<b>2,837.48</b>	<b>4,168.71</b>	<b>(1,331.23)</b>	<b>-31.93%</b>
<b>LIABILITIES</b>				
Current liabilities	532.95	1,438.16	(905.21)	-62.94%
Non-current liabilities	406.91	614.70	(207.79)	-33.80%
<b>Total liabilities</b>	<b>939.86</b>	<b>2,052.86</b>	<b>(1,113.00)</b>	<b>-54.22%</b>
<b>EQUITY</b>				
Issued and paid up share capital	745.14	745.14	-	0.00%
Premium on ordinary shares	891.31	891.31	-	0.00%
Retained earnings-Appropriated	45.40	45.40	-	0.00%
Retained earnings-Unappropriated	(585.33)	(594.70)	9.37	-1.58%
Other components of shareholders' equity	481.90	493.33	(11.43)	-2.32%
<b>Equity attributable to owners of the Company</b>	<b>1,578.41</b>	<b>1,580.47</b>	<b>(2.06)</b>	<b>-0.13%</b>
Non-controlling interests of the subsidiaries	319.21	535.39	(216.18)	-40.38%
<b>Total shareholders' equity</b>	<b>1,897.62</b>	<b>2,115.85</b>	<b>(218.23)</b>	<b>-10.31%</b>

As September 30, 2020 company and its subsidiaries has total assets of 2,837.48 Million Baht as 1,331.23 Million Baht decreased or 31.93 percent when compared to December 31, 2019 as total assets of 4,168.71 Million Baht resulting from:

- Cash and equivalent to cash declined of 93.37 Million Baht which mostly came from Ua Withya Public Company Limited there is a repayment of guaranteed debentures due January 2020.
- Decrease in inventory of 136.26 Million Baht due to the delivery of the work to the customer and the management of control is tighter
- Other current financial assets increased by 71.21 Million Baht, mainly due to changes in the fair value of marketable securities.
- The asset to be disposed group classified as held for sale of power plant business decreased by 1,117.17 Million Baht due to Ua Withya Public Company Limited sold power plant business on August 21, 2020.
- Deposit from Financial Institution for collateral decline of 95.42 Million Baht resulting in Rayong Wire Industries Public Company Limited withdraw money for purchasing raw materials in order to reduce interest from loans
- Non-current financial assets decreased of 86.13 Million Baht due to closure of equity funds and is in the process of accepting investments in equity funds
- Uses Right of asset increase of 181.74 Million Baht due to Rayong Wire Industrial Public Company Limited has land lease from Maptaphut Industrial Estate as period of 20 years

## **Liabilities**

- As at September 30, 2020 company has total liabilities of 939.86 Million Baht as 1,113.00 Million Baht decreased when compared to December 31, 2019 of 2,052.66 Million Baht by Rayong Wire Industries has decreased from short term loan as amount of 79.76 Million Baht and Ua Withya Public Company Limited repayment of loan obligations as amount of 300 Million Baht which due January 19, 2020 and transfer liabilities as included in asset group to be disposed of and classified as held for sale with the power plant

## **Shareholders' Equity**

- As at September 30, 2020 company has shareholders' equity of 1,578.41 Million Baht as 2.06 Million Baht decreased when compared to December 31, 2019 of 1,580.47 Million Baht due to company has net loss from business operation of 10.78 Million Baht, recognize transfer of excess from revaluation of assets to retaining (Loss) of 30.84 Million Baht also affecting from began to adopt financial standard of 4.70 Million Baht by making adjustments to the beginning retained earnings list as of January 1, 2020

Please be informed for acknowledgement

Sincerely yours,

Mr. Wutichai Leenabanchong  
Chairman