

- Translation -

**The Capital Engineering Network Public Company Limited**  
**Management's Discussion and Analysis for Performance Result of the**  
**Quarter 3-2021**

---

### **Business Overview**

The Capital Engineering Network Public Company Limited. “CEN” operates a business as Holding Company which focus on investment in holding shares in other companies, currently has various business groups which is a subsidiary consist of

1. **Rayong Wire Industry Public Company Limited “RWI”** operates a business of manufacturing and distributing of steel wires for construction, industries and as a listed company on the Stock Exchange of Thailand.
2. **Sky Tower Public Company Limited “STOWER”** operates a business of manufacturing and distributing of high-voltage, general fabrication, substation structures and also as a designer and manufacturer (Telecommunication Towers) to install for all mobile operator network providers for renting telecommunication towers in abroad.
3. **Enesol Company Limited** operates a business of manufacturing and distributing of the electric power and thermal energy or Co-generation power plants, which using natural gas as fuel produce electricity and thermal energy in both projects for distribution to the large tile industry company.
4. **The company where has investment in the securities** of the company listed on the stock exchange and general companies.

### **Performance Results Overview**

The Capital Engineering Network Public Company Limited, the company and subsidiaries (Called “Group of Company”) operates as holding company, manufacturing and distributing of engineering and construction materials, high-voltage transmission tower and substation. The performances overview of the group of company in the quarter 3-2021 for the 3-month period end on September 30, 2021 has a profit from the performance result amounted to 63.14 million baht, an increase of 149.46 million baht and for the 9-month period there has a profit from the performance result amounted of 431.88 million baht, compared to the same period of the previous year, which had a loss of 86.32 million baht and 170.11 million baht. It was considered the performance result were increased from the previous year of 173% and 354%, which recognizing the profit attributable to the company in this quarter of 88.21 million baht and in the 9-month period amounted to 392.36 million baht with recognized earnings per share of 0.118 baht per share and 0.53 baht per share, summarized as following:

The performances overview of the group of company has net profit in the quarter 3-2021 amounted to 63.14 million baht, an increase of 149.46 million baht or 173% had gross profit was 19.93 million baht, an increase of 211% or 37.82 million baht, compared to the quarter 3-2020, causing from the focus on delivery products on time and increase the target audience with the management and control of cost of sales and services, cost of distribution in the situation which oil prices are rising and recognize gains from measuring the fair value of securities.

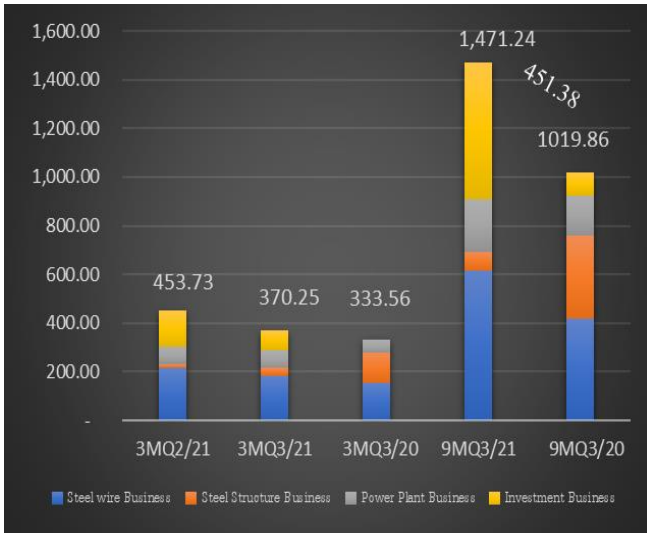
For the performances result of the group of company has net profit in the 9-month period end on September 30, 2021 amounted to 431.88 million baht, an increase of 601.99 million baht or 354% had gross profit was 87.53 million baht, an increase of 452% or 71.66 million baht, compared to the 9-month period of September 30, 2020. It was considered the performance of the group of company are still growing steadily after the group of company adjusted the business strategy plan, improved business and organizational structure with investment was disposed of in biomass power plants which does not generate returns for the group of companies.

The subsidiaries start to recognize the revenue from leasing out telecommunication tower in abroad in the quarter 3 and will gradually recognize revenue continuously with has a preliminary agreement on the sale investment in associated company is Saraburi Energy Systems 2 Co., Ltd. ("SES2") give to one the shareholders of SES2, an according to the business restructuring plan.

### Summary of Performance Results End on September 30, 2021

Consolidated Financial Statements	3M				3M			9M			
	Q3/21	Q3/20	QoQ	+(-) %	Q2/21	QoQ	%	Q3/21	Q3/20	YoY	+(-) %
Revenue of Sales and Services	289.26	363.87	(74.61)	(21%)	302.61	(13.35)	(4%)	906.41	1,181.20	(274.79)	(23%)
Cost of Goods Sold	(269.33)	(381.76)	112.43	(29%)	(267.98)	(1.35)	1%	(818.88)	(1,165.33)	346.45	(30%)
<b>Gross Profit</b>	<b>19.93</b>	<b>(17.89)</b>	<b>37.82</b>	<b>211%</b>	<b>34.63</b>	<b>(14.70)</b>	<b>(42%)</b>	<b>87.53</b>	<b>15.87</b>	<b>71.66</b>	<b>452%</b>
Other Incomes	18.39	45.19	(26.80)	(59%)	16.69	1.70	10%	61.81	89.09	(27.28)	(31%)
Cost of Distribution	(5.94)	(7.16)	1.22	(17%)	(6.50)	0.56	(9%)	(19.90)	(19.77)	(0.13)	1%
Administrative Expenses	(46.30)	(9.00)	(37.30)	414%	(42.79)	(3.51)	8%	(123.52)	(135.17)	11.65	(9%)
Profit (loss) of measured at fair value	82.94	(29.37)	(112.31)	382%	15.00	67.94	453%	493.19	95.82	397.37	415%
Profit (loss) from Investment and Assets	(1.00)	(43.56)	42.56	(98%)	136.13	(137.13)	(101%)	66.60	(175.38)	241.98	138%
Temporarily Stopped Production Costs	-	(21.91)	21.91	(100%)	-	-	-	-	(21.91)	21.91	(100%)
<b>Operating Profit</b>	<b>68.02</b>	<b>(83.70)</b>	<b>151.73</b>	<b>181%</b>	<b>153.16</b>	<b>(85.14)</b>	<b>(56%)</b>	<b>565.71</b>	<b>(151.45)</b>	<b>717.16</b>	<b>474%</b>
Financial Cost	(5.55)	(12.19)	6.64	(54%)	(4.43)	(1.12)	25%	(14.74)	(43.41)	28.67	(66%)
Income Taxes	0.67	9.57	(8.90)	(93%)	(28.86)	29.53	(102%)	(119.09)	24.75	(143.84)	(581%)
<b>Net Profit</b>	<b>63.14</b>	<b>(86.32)</b>	<b>149.46</b>	<b>173%</b>	<b>119.87</b>	<b>(56.73)</b>	<b>47%</b>	<b>431.88</b>	<b>(170.11)</b>	<b>601.99</b>	<b>354%</b>
Profit attributable to equity holders of the company	88.21	(32.17)			78.52			392.36	(0.001)		
Profit attributable of Non-Control	(25.07)	(54.16)			41.35			39.51	(170.10)		
<b>Profit (loss) per share</b>	<b>0.118</b>	<b>(0.043)</b>			<b>0.11</b>			<b>0.53</b>	<b>(0.00)</b>		
<b>Net Profit Margin</b>	<b>16.17%</b>	<b>(20.08%)</b>			<b>25.48%</b>			<b>28.17%</b>	<b>(12.26%)</b>		

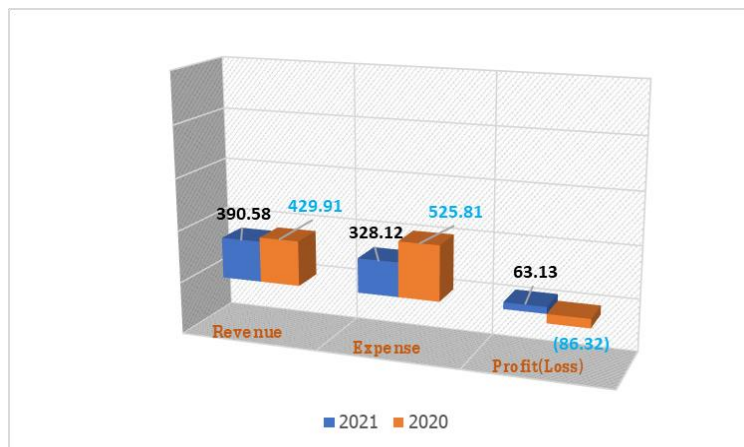
**Total Revenue by Type of Business Groups**



**The Revenue by Type of Business Groups, End on September 30, 2021 and 2020.**

The group of company has revenue from the performance by type of business group **in the 9-month period** of the year 2021 amounted to 1,471.24 million baht, an increase of 451.38 million baht or 44.26% compared to the year 2020, which net profit of 1,019.86 million baht, the income from the steel wire business group and investment in other companies with revenue which grow more than 48% and 489% respectively. The total revenue **in the 3-month period** of the year 2021 amounted to 370.25 million baht, an increase of 36.69 million baht or 10.99%, compared to the quarter 2 end on June 30, 2021. It be seen in each business group the total revenue was decreased of 18.40%, due to the customers affected by outbreak of COVID-19. Thus, the productions are temporarily suspended or reduce the production. As a result of change in fair value of business group in other companies.

**The performance result of the 3-month period, end on September 30, 2021 and 2020.**



The performance result of the 3-month period, end on September 30, 2021 and 2020 had **the profit for the period of 63.13 million baht** and loss from the performance of 19.81 million baht, respectively and had gains from fair value adjustment of financial assets of 82.94 million baht, as compared to the same quarter of the previous year. This quarter has a better performance than the previous quarter with a loss from operating loss and fair value measurement of financial assets in the amounted to 86.32 million baht.

**Revenue**

The revenue from the performance result of the quarter 3-2021, the group of company has total revenue of 390.58 million baht was decreased of 39.33 million baht or 9.14% as compared to the quarter 3-2020, which has total revenue of 429.91 million baht, summarized as following

➤ **Revenue from Sales**

The revenue from sale of steel wires in the quarter 3-2021 has value of 183.17 million baht, an increase of 26.99 million baht or 17.28% as compared to the same period of the previous year 2020, which had revenue from sale of steel wires in the amount of 156.18 million baht was decreased, due to the customers impacting from the Covid-19 epidemic, as a result, the delivery of goods was delayed.

The revenue from sale of electric and thermal energy, which generates revenue, remaining only 2 power plants as compared to the same period of the previous year had 5 generating power plants. Therefore, this quarter have income from electric distribution and hot air in amount of 69.37 million baht, an increase of 13.15 million baht or 23.39%, due to the production and delivery of electric and thermal energy of both projects to SCG Ceramic Public Company Limited.

➤ **Revenue from Project Work and Services**

The revenue from sales of steel structure for the substations and domestic telecommunication towers was decreased from the previous year of 71%. The revenue was decreased of 84.29 million baht and start to recognize the revenue from telecommunication station rental business in abroad at the end of the quarter 3<sup>rd</sup> and will gradually recognize revenue in the following quarters. In addition, If the cost of production incurred according to the quantity of project production, both of the (Substation), (Telecommunication Tower) and (General Fabrication). The company has gross profit of each product in the proportion of approximately 15%-25%.

➤ **Gain from Measurement at Fair Value of Financial Assets**

Unrealized gains from changes in the fair value of other current financial assets amounted to 82.94 million baht, as an adjustment to the fair value of the securities in the market demand.

Other revenue are income from raw material scrap sales, dividends, an interest income and foreign exchange gains.

**Expenses**

In the quarter 3-2021, the total expenses in amounted to 328.12 million baht, decreased of 197.69 million baht from the quarter 3-2020, which has total expenses of 525.81 million baht or 37.60%.

➤ **Cost of Goods Sold and Cost of Distribution**

The cost of goods sold amounted to 231.78 million baht, decreased of 47.74 million baht or 17.08% as compared to the same period of the previous year, which has amounted to 279.24 million baht, which divide into the steel wire business. The cost of goods sold are higher to 8.34%. As a result of higher raw material prices including managed and controlled of raw materials appropriate and concisely. In a situation, the world steel market price has continued to rise, the cost of distribution was decreased of 17.71%, due to lower sales volume. As a result, the cost of transportation of goods sale were decreased. However, the situation in oil price are increase also be able to manage and control the transportation cost to be within the framework can be set.

In the power plant business group cost of sales was decreased, due to the disposal of all investments in biomass power plants.

➤ **Cost of Project Work and Services**

The cost of project work and services amounted to 37.55 million baht, decreased of 64.69 million baht or 63.27% as compared to the same period of the previous year, which amounted to 102.24 million baht. It varies according to the quantity of projects delivered to customers. Also a result of the company's cost management to be more efficient under the impact of the Covid-19 epidemic since the beginning of 2020 until the present, it make Electricity Generating Authority of Thailand (EGAT) has postponed to opening of the installation bidding of many large high-voltage transmission towers since the end of 2020. Therefore, the purchasing of high-voltage transmission towers in 2021 must be postponed.

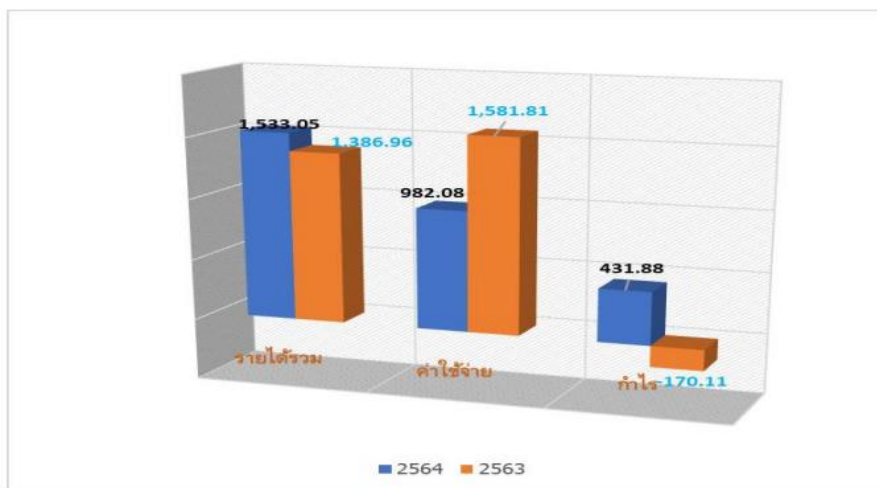
➤ **Administrative Expenses**

The administrative expenses amounted to 46.30 million baht, an increase of 37.30 million baht or 414.44% as compared to the same period of the previous year had amounted to of 9 million baht. The mainly reason from the previous year that the main activity income was decreased. There was a staff restructuring and reductions in expenditures that were beyond necessary with this quarter there was management use existing resources to open up business opportunities that generate revenue for the group in the future.

➤ **Financial Cost**

The financial cost, mostly is an interest paid on loans in this quarter amounting of 5.55 million baht was decreased of 6.64 million baht or 54.47% as compared to the year of 2020 was decreased by STOWER had repay the debentures of the subsidiaries, resulting in lower financial costs of STOWER.

**The Performance Result of the 9-month Period, End on September 30, 2021 and 2020.**



The performance result of the 9-month period of the year 2021 had the profit for the period of 431.88 million baht and loss from the performance of 61.31 million baht with the gains from fair value adjustment of financial assets of 493.19 million baht, as compared to the same quarter of the previous year. This quarter has a better performance than the previous quarter with a loss from impairment of assets and investment over 218 million baht .

### **Revenue**

The revenue from the performance result of the 9-month of the year 2021, the group of company has total revenues of 1,533.05 million baht, an increase of 146.08 million baht or 10.53% as compared to the year of 2020, which total revenue of 1,386.96 million baht, summarized as following:

#### **➤ Revenue from Sales**

The revenue from sale of steel wires are higher from the same of the previous year 57.99%, there was the revenue from sales increase of 274.40 million baht. The result of the adjustment strategy of the sales department in receiving orders from customers in large numbers and continuously.

The revenue from sale of electric and thermal energy of 2 power plant which generates revenue, as compared to the same period of the previous year had 5 generating power plants. Due to the disposal of investment in the biomass power plant business of all 3 power plants, which do not generate profit, in order to stop recognized the loss from the operation to operate a biomass power plant business that the machines were not able to operate at full capacity at the end of the last year.

#### **➤ Revenue from Project Work and Services**

The revenue from project work and services of telecommunication station rental in abroad was decreased of the previous year amounted to 79.50%, the revenue was decreased of 266.67 million baht, due to efficient under the impact of the Covid-19 epidemic since the beginning of 2020 until the present, it make Electricity Generating Authority of Thailand (EGAT) has postponed to opening of the installation bidding of many large high-voltage transmission towers since the end of 2020 and start to recognize income from telecommunication station rental business in abroad at the end of the quarter 3<sup>rd</sup> and will gradually recognize revenues in the following quarters.

#### **➤ Gain from Measurement at Fair Value of Financial Assets**

Unrealized gains from changes in the fair value of other current financial assets amounted to 493.19 million baht, as an adjustment to the fair value of the securities in the market for trading.

#### **➤ Profit (Loss) from Investments and Assets**

Actual profit from the sale of financial assets amounted to 71.64 million baht as a profit from investments in associated company of STOWER namely as Dimet (Siam) Public Company Limited, through MAI market completed on June 30, 2021 by recognize the share of loss from investment in the associated company only 4.71 million baht, as compared to the year of 2020 in loss of 175.38 million baht, resulting of investment and assets impairment of power plant with associated company.

Other revenue are income from raw material scrap sales, dividends, an interest income and foreign exchange gains.

### **Expenses**

In this 9-month period the total expenses amounted to 982.08 million baht, decreased of 599.73 million baht from the 9-month period of the year 2020, which has total expenses of 1,581.81 million baht or 37.91%.

#### **➤ Cost of Goods Sold and Cost of Distribution**

The cost of goods sold amounted to 726 million baht, decreased of 153.85 million baht or 17.48% as compared to the same period of the previous year, which has amounted to 880.29 million baht, due to the natural gas prices are decrease from the previous year of the power plant with steel wires groups had the cost of sales varies according to the increased sales volume. The transportation management resulting to the cost of management sales increased only 4.87% which including manage and control of stock, raw materials and raw material price as a main factor of cost of goods sold properly and concisely.

In the group of power plant business the cost of goods sold was decreased by disposed of all investments in biomass power plants.

#### **➤ Cost of Project Work and Services**

The cost of project work and services amounted to 92.44 million baht, decreased of 192.60 million baht or 68% as compared to the same of the previous year amounted to 285.04 million baht as compared to the revenues. It was seen, the cost of project in the financial statements are higher than project revenues, which is caused by recording the cost of all expenses in the production plant, totally is the cost of revenue from actual production projects.

#### **➤ Administrative Expenses**

The administrative expenses amounted to 123.52 million baht, decreased of 11.65 million baht or 8.62% as compared to the same period of the previous year had amounted to of 135.17 million baht. The mainly reason from the previous year that the main activity income was decreased. There was a staff restructuring and reductions in expenditures that were beyond necessary.

#### **➤ Financial Cost**

The financial cost, mostly is an interest paid on loans of the year 2021, amounting of 14.74 million baht decreased of 28.67 million baht or 66% as compared to the year of 2020, decreased by STOWER repay the debentures of the subsidiaries and there is a reduction in the credit limit of the group of company. As a result, the financial cost was decreased.

## Financial Position

Statement of Financial Position	September 30, 2021	%	December 31, 2020	%	Increased (Decreased)	%
Current Financial Assets	2,436.74	63%	1,241.73	46%	1,195.01	96%
Non-Current Financial Assets	1,418.70	37%	1,462.58	54%	(43.88)	(3%)
<b>Total Current Assets</b>	<b>3,855.44</b>	<b>100%</b>	<b>2,704.31</b>	<b>100%</b>	<b>1,151.13</b>	<b>43%</b>
Current Liabilities	426.03	11%	401.09	15%	24.94	6%
Non-Current Liabilities	447.02	12%	400.94	15%	46.08	11%
<b>Total Current Liabilities</b>	<b>873.05</b>	<b>23%</b>	<b>802.03</b>	<b>30%</b>	<b>71.02</b>	<b>9%</b>
<i>Shareholders' Equity of Company</i>	<i>2,205.19</i>	<i>57%</i>	<i>1,608.43</i>	<i>59%</i>	<i>596.76</i>	<i>37%</i>
Shareholders' Equity of NC	777.20	20%	293.85	11%	483.35	164%
Total Shareholders' Equity	2,982.39	77%	1,902.28	70%	1,080.11	57%
<b>Total Liabilities and Shareholders' Equity</b>	<b>3,855.44</b>	<b>100%</b>	<b>2,704.31</b>	<b>100%</b>	<b>1,151.13</b>	<b>43%</b>

### ➤ Assets

The group of company has total assets as of September 30, 2021 equal to 3,855.44 million baht. Total assets are increase from cash management, production stocking to prepare for delivery to customers and recognition of fair value measurements of other current financial assets.

### ➤ Liabilities

As of September 30, 2021, the group of company had amounted to 873.05 million baht, an increased by the subsidiary received credit line from the financial institution to prepare products for delivery increasing customer demand and income tax liabilities from operating profit. The profit from measuring the fair value of financial assets and profits from the sale of investments.

### ➤ Shareholders' Equity

The company has shareholders' equity as of September 30, 2021 was 2,205.19 million baht, an increase of 596.79 million baht or 37%, as compared to December 31, 2020 (Adjusted), which amounted to 1,608.43 million baht, due to surplus from the change in proportions in the subsidiaries and the group have profits for the 9-month period of 2021.



## **Financial Ratio**

<b>Financial Ratio Highlights</b>	<b>Q3-2021</b>	<b>Q2-2021</b>	<b>Q3-2020</b>
<b>Current Ratio</b>	<b>5.72</b>	<b>6.02</b>	<b>2.68</b>
<b>Debt to Equity Ratio : (D/E Ratio)</b>	<b>0.29</b>	<b>0.32</b>	<b>0.50</b>
<b>Return on Asset (ROA)</b>	<b>11.20%</b>	<b>10.69%</b>	<b>(6.40%)</b>
<b>Return on Equity (ROE)</b>	<b>14.48%</b>	<b>14.11%</b>	<b>(9.57%)</b>
<b>Net Asset Value (NAV)</b>	<b>4.00</b>	<b>3.51</b>	<b>2.55</b>

As of the quarter 3-2021, the group of company has current ratio of 5.72 times, an increase of 3.04 times, as compared to the same period of the year 2020.

The debt to equity ratio equal to 0.29 times, decreased of 0.27 times, as compared to the same period of the year 2020 from lower liabilities and performance in the quarter 3-2021 was better than the previous year.

The return on assets was 11.20% and return on equity was 14.48%, an increased as compared to the year of 2020 from the net profit (loss) on the last 9-month, and increased as compared with the 6-month period of 2021. It been seen, the group of company used assets and equity cost effectively, generating income and profit continuously.

The net assets value of the group of company is 4.00 baht per share, as compared to the net assets value as of June 30, 2021 and September 30, 2020, it showed that the group of company has better managed services to create added value for shareholders.

- Laphassarin Kraiwongwanitrungrung –

(Ms. Laphassarin Kraiwongwanitrungrung)

Director