

Translation

CEN 004-2019

February 27, 2019

Subject Management Discussion, analysis and business operation of year 2018

To The Manager and President

The Stock Exchange of Thailand

Yearly business operation as ended December 31, 2018 of Capital Engineering Network Public Company Limited "company" and subsidiaries have profit from business operation as amounting of 133.07 Million Baht or 289.73 Million Baht increased when compared to same period of previous year with the loss of 156.66 Million Baht which can summarized below:

#### Performance Analysis

##### (1) Revenue

Year 2018, the company and subsidiaries have total revenue of 3,268.78 Million Baht or 687.49 Million Baht or 26.63 Million Baht when compared to same period of previous year with the total revenue of 2,581.29 Million Baht as following details:

- Revenue from sale of 1,688.47 Million Baht or 127.89 Million Baht increased (28.16 percent) when compared to same period of previous year as total revenue of 1,560.58 Million Baht while subsidiaries has revenue from sale of steel, subsidiaries of Ua Withya Public Company Limited as supply electricity to Provincial Electricity Authority with more sale in electricity
- Revenue from service of 1,029.54 Million Baht or 97.41 Million Baht increased (10.45 percent) when compared to same period of previous year as total revenue of 932.13 Million Baht due to more deliver on products
- Profit from investment of 416.78 Million Baht as gain from selling short-term investment of 10.76 Million Baht and profit attributable to unrealized changes in fair value of investment of 406.02 Million Baht

- Other revenue of 134.00 Million Baht or 45.42 Million Baht when compared to same period of previous year due to subsidiaries has interest received, sale wire scrap and income from investment in Opened-End Fund

**(2) Gross Profit**

Year 2018, company and its subsidiaries have total gross profit from sale products and services of 46.25 Million Baht or 1.70 percent decreased when compared to same period of previous year as gross profit of 6.75 percent due to cost of raw materials of steel adjusted higher than selling price and electricity (more value) but on the other hand there are burdened cost of Power Plant in Buriram which cause loss in gross profit

**(3) Expense**

Year 2018, company and its subsidiaries have total expenses of 3,311.82 Million Baht or 381.85 Million Baht increased from year 2017 as total expenses of 2,929.97 Million Baht or 13.03 percent by following reasons:

- Cost of product as amounting of 1,711.87 Million Baht or 240.05 Million Baht increased ( 16.31 percent) when compared to same period of previous year of 1,471.82 Million Baht which variable from sale volume
- Cost of service as amounting of 959.89 Million Baht or 107.16 Million Baht increased (12.57 percent) when compared to same period of previous year of 852.73 Million Baht which variable from project deliver to customers
- Cost of administrative as amounting of 286.33 Million Baht or 45.99 Million Baht increased when compared to same period of previous year of 240.33 Million Baht
- Other expenses as amounting of 243.49 Million Baht due to subsidiary (Ua Withya Public Company Limited) has impairment of goodwill of Paradise Green Energy Company Limited 46.29 Million Baht, impairment of intangible asset of 154.46 Million Baht and loss from investment in affiliate company of 43.42 Million Baht

- Financial Cost as amounting of 64.44 Million Baht or 7.62 Million Baht increased (13.42 percent) when compared to same period of previous year of 56.81 Million Baht due to subsidiaries has more loan from Financial Institution

### Financial Status

As December 31, 2018; company and its subsidiaries have total assets of 5,863.73 Million Baht or 189.24 Million Baht decreased when compared to December 31, 2017 of 6,052.97 Million Baht by following reason

- Current assets as amounting of 3,029.84 Million Baht or 388.85 Million Baht increased when compared to December 31, 2017 of 2,640.99 Million Baht as cash and cash equivalents decline of 44.33 Million Baht, more temporary investment of 286.20 Million Baht, left in stock of 47.25 Million Baht and decline in Trade and Other receivable of 43.63 Million Baht (other receivable (external) 99.79 Million Baht, more accrued income from third parties of 32.84 Million Baht, decline in trade account receivable (Third parties) of 9.97 Million Baht, other receivable from related company (EMC) has paid debts to subsidiary (UWC) as amounting of 169.25 Million Baht and decline cost in advance of 13.42 Million Baht)

- Non-Current assets as amounting of 2,833.90 Million Baht or 578.08 Million Baht decreased when compared to December 31, 2017 of 3,411.99 Million Baht which increased from pledge bank deposit of 36.71 Million Baht and money invested in affiliated company of 11.11 Million Baht, decline in fixed asset of 260.92 Million Baht and depreciation of 142.64 Million Baht, record on impairment of asset of 28.28 Million Baht and decline in amortizing of intangible assets of 49.16 Million Baht and record of impairment of 154.47 Million Baht. Moreover decline in Finance Lease Receivable 38.06 Million Baht and deferred tax of 67.60 Million Baht

### Source of Funds

#### Liabilities

- As at December 31, 2018, company has total liabilities of 2,046.99 Million Baht as 89.90 Million Baht decreased when compared to December 31, 2017 as amounting of 2,136.79 Million Baht, more short term loan from Financial Institution of 112.44 Million Baht and Trade Account Payable of 87.84 Million Baht (more external trade account payable of 81.46

Million Baht and other account payable of 35.22 Million Baht also decline in payment of purchasing subsidiaries of 17.95 Million Baht) thus there is more loan from external of 39.50 Million Baht, decline on debenture of 200.00 Million Baht and subsidiary (ENS) payback long term loans as amounting of 24.96 Million Baht

**Proportion of Shareholders**

- As at December 31, 2018 the company has proportion of shareholders of 2,594.08 Million Baht or 120.98 Million Baht increased when compared to December 31, 2017 of 2,473.09 Million Baht due to company has loss from business operation

Please be informed for acknowledgement,

Sincerely yours,

Mr. Wutichai Leenabanchong  
Chairman