

Translation

CEN 001-2021

March 1, 2021

Subject Management Discussion and Analysis for the year 2020

To The Manager and President

The Stock Exchange of Thailand

Capital Engineering Network Public Company Limited (“company”) and Subsidiaries (“group”) as their operation in business in year 2020 consists of 6 segments such as investment in other businesses, wire business segment, transmission line tower, design and distribute steel structure according to the drawing, power distribution and heat energy business, construction and tunneling contractor and distribution of industrial products. In the past, there are significant changes in groups including management structure, business operation structure and management strategy in order to increase business efficiency and growth, moreover suspend unprofitable business.

Year 2020, our groups has encountered spread of coronavirus disease 2019 which causing slowdown in economic as effecting most businesses and industries. Management has changed their structure and operating which includes strategies to be consistence with economic resulting in recognized profit of company equal to 5.84 million baht which is more than recognized of loss attributable of (929.80) million baht.

Transmission line tower, design and distribute steel structure according to the drawing from Ua Withya Public Company Limited has a major changes in term of operating business structure of investing unprofitable businesses such as biomass businesses to suspend loss from this businesses that machine could not fully operated thus the company has focusing on business of high voltage transmission tower, infrastructure and communication as well as seeking opportunities to generate income in other businesses both domestic and international.

Business operation of our groups year 2020 ended December 31, 2020 of Capital Engineering Network Public Company Limited and subsidiaries as certified by Public Accountant as unconditionally with total loss of 185.77 million baht as 1,358.34 million baht

decreased when compared to previous year as amount of 1,544.12 million baht by following details:

Performance Analysis

(1) Revenue

Year 2020 as ended December 31, 2020 group of company has total revenue of 1,712.06 million baht as 395.48 million baht decreased or 18.76 percent when compared to previous year as total revenue of 2,107.54 million baht by following details;

REVENUE FOR THE YEAR 2020 (Million Baht)	FOR THE YEAREND				Increased (Decreased)
	2020	%	2019	%	%
Revenue from sale	1,049.16	61.28%	1,427.57	67.74%	-26.51%
Revenue from manufacturing and service	419.16	24.48%	647.00	30.70%	-35.21%
Dividend income	0.13	0.01%	0.08	0.00	50.19%
Gain from measurement of financial asset	104.12	6.08%	-	-	100.00%
Interest income	17.89	1.04%	16.14	0.77%	10.85%
Other income	121.61	7.10%	16.75	0.79%	625.92%
Total Revenue	1,712.06	100.00%	2,107.54	100.00%	-18.76%

- Revenue from sales of 1,049.16 million baht as 378.41 million baht decreased of 26.51 percent when compared to same period of previous year of 1,427.57 million baht by Enesol Company Limited has decline in selling electricity and heat energy due to temporary shutdown of machine according to usage cycle for efficiency of the machine to generate electricity. In addition, Ua Withya Public Company Limited has sold Biomass Power Plant Business in quarter 3/2020.
- Revenue from manufacturing and service of 419.16 million baht as 227.84 million baht decreased or 35.21 percent when compared to the same period of previous year of 647 million baht due Ua Withya Public Company Limited has adjusted business operation structure and strategies in term of management to increase efficiency and results in better operation for next auction of projects from government

- Profit from assessment of fair value on financial assets as measure of value of marketable over period of times to show value of enterprise assets (unrealized gains)
- Other revenue of 121.61 million baht as 104.86 million baht increased or 625.92 percent when compared to same period of previous year as total revenue of 16.75 million baht due to revenue from selling scrap of steel and zinc of 50.27 million baht, selling securities (RWI-W2) of 23.97 million baht, Biomass Power Plants businesses of 9.41 million baht, exchange rate of 7.95 million baht and profit from compensation with trade payables

(2) Expenses

Year 2020 as ended December 31, 2020 groups of company has total expenses of 1,925.41 million baht as declined of 1,690.36 million baht compared to same period of year 2019 as total expenses of 3,615.77 million baht or 46.75 percent decreased by following details;

EXPENSES FOR THE YEAR 2020 (Million Baht)	FOR THE YEAREND				Increased (Decreased) %
	2020	% per Revenue	2019	% per Revenue	
Cost of goods sold	1,081.70	63.18%	1,475.25	70.00%	-26.68%
Cost of steel tower manufacturing and rendering service	356.80	20.84%	900.31	42.72%	-60.37%
Cost of distribution	25.79	1.51%	33.72	1.60%	-23.50%
Administrative expenses	224.81	13.13%	212.89	10.10%	5.60%
Loss from measurement of financial asset	-	0.00%	502.87	23.86%	-100.00%
Loss on impairment of asset	16.74	0.98%	358.63	17.02%	-95.33%
Loss on impairment of investment	149.44	8.73%	69.87	3.32%	113.89%
Cost of production temporarily stopped	21.91	1.28%	-	0.00%	100.00%
Finance cost	48.22	2.82%	62.23	2.95%	-22.52%
Total Expenses	1,925.41	112.46%	3,615.77	171.56%	-46.75%

- Cost of sales products of 1,081.70 million baht as 393.55 million baht decreased or 26.68 percent when compared to same period of previous year of 1,475.25 million baht due to better concise cost management
- Project cost of 356.80 million baht as 543.52 million baht decreased or 60.37 percent when compared to same period of previous year of 900.31 million baht by fluctuation from project quantity delivered to customers and recognize all remaining expenses of project work that has closed as per purchase order results of more efficient in term of cost management of company

- Cost of distribution of 25.79 million baht as 7.93 million baht or 23.50 percent decreased when compared to same period of previous year of 33.72 million baht due to decline in both domestic and international sales volume resulting in lower shipping costs
- Cost of administrative amount of 224.81 million baht as 11.92 million baht increased or 5.60 percent when compared to same period of previous year of 212.89 million baht as main cause is reorganization and management which includes cost reduction on unnecessary expenses
- Loss from asset impairment of 16.74 million baht and investment of 149.44 million baht (Biomass Power Plant Businesses) of Ua Withya Public Company Limited as results of entering into purchase agreement and transfer of claims on debts of loan in Power Plant Business of Ua Withya Public Company Limited to Absolute Clean Energy Public Company Limited on August 21, 2020

Financial Status

As December 31, 2020 company and its groups has total assets of 2,692.87 million baht as 1,475.85 million baht or 35.40 percent decrease when compared to December 31, 2019 as total assets of 4,168.71 million baht as main reason came from

FINANCIAL POSITION FOR THE YEAR 2020 (Million Baht)	31 Dec	31 Dec	Increase(decrease)	
	2020	2019	Million Baht	%
ASSETS				
Current Assets	1,241.73	2,639.01	(1,397.28)	-53%
Non-Current Assets	1,451.14	1,529.70	(78.57)	-5%
Total assets	2,692.87	4,168.71	(1,475.85)	-35%
LIABILITIES				
Current liabilities	401.09	1,438.16	(1,037.07)	-72%
Non-current liabilities	400.94	614.70	(213.76)	-35%
Total liabilities	802.03	2,052.86	(1,250.83)	-61%
EQUITY				
Issued and paid up share capital	745.14	745.14	-	-
Premium on ordinary shares	891.31	891.31	-	-
Retained earnings-Appropriated	45.40	45.40	-	-
Retained earnings-Unappropriated	(564.11)	(594.70)	30.59	-5%
Other components of shareholders' equity	479.91	493.33	(13.41)	-3%
Equity attributable to owners of the Company	1,597.65	1,580.47	17.18	1%
Non-controlling interests of the subsidiaries	293.19	535.39	(242.20)	-45%
Total shareholders' equity	1,890.84	2,115.85	(225.02)	-11%

- Cash and equivalent to cash declined of 54.65 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 174.38 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 101.37 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 1,132.71 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 85.13 million baht resulting in Rayong Wire Industries Public Company Limited withdraws money for purchasing raw materials in order to reduce interest from loans.
- Non-current financial assets decreased of 86.75 million Baht due to closure of TMBTHANAPLUS Equity Fund
- Uses Right of asset increase of 178.50 million baht due to Rayong Wire Industrial Public Company Limited has land lease from Maptaphut Industrial Estate as period of 20 years

Liabilities

As December 31, 2020 Company has total liabilities of 802.03 million baht as 1,250.83 million baht decreased when compared to December 31, 2019 of 2,052.86 million baht due to following details;

- Rayong Wire Industries Public Company Limited has decline in term of loans from financial institution of 67.58 million baht
- Ua Withya Public Company Limited has payback burden of debt from loans amount of 600 million baht and transfer all liabilities in group of assets as classified held for

sale with Power Plant Business of 429.63 million baht as resulting from sold Power Plant Business on August 21, 2020

- Repayment of account payable and other payable in accounting period decline of 126.18 million baht

Shareholders' Equity

As December 31, 2020 the company has shareholders' equity of 1,597.65 million baht as 17.18 million baht increased when compared to December 31, 2019 of 1,580.47 million baht due to net profit for business operation of 6.03 million baht due to recognize surplus on asset revaluation of retaining earnings (loss) of 15.51 million baht and impact from Financial Reporting Standard No.9 RE: Financial Instrument and No.16 RE: Leases as amount of 4.70 million baht by adjusting bring forward of retained earnings on January 1, 2020

Please be informed for acknowledgement,

Sincerely yours,

Mr. Wutichai Leenabanchong
Chairman