

Translation

CEN 034-2018

November 13, 2018

Subject : Management Discussion and Analysis for quarter 3-2018

To : The Manager and President  
The Stock Exchange of Thailand

Business operation for 3 months period as ended September 30, 2018 of Capital Engineering Network Public Company Limited (“Company”) and subsidiaries had profits from business operation as amounting of 59.57 Million Baht as 86.16 Million Baht increased when compared to same period of previous year which had loss of 26.59 Million Baht. The details are as follows:

#### Performance Analysis

##### (1) Revenue

Quarter 3/2018 company and its subsidiaries has a total revenue of 916.32 Million Baht as 343.65 Million Baht or 60 percent increase when compared to same period of previous year which had total revenue of 572.67 Million Baht by following details

- Revenue from sale as amounting of 448.71 Million Baht as 64.13 Million Baht increased or 16.68 percent when compared to same period of previous year as amounting of 384.58 Million Baht (more revenue from selling steel wire and subsidiaries of Ua Withya Public Company Limited as selling electricity to Provincial Electricity Authority)
- Revenue from services as amounting of 312.20 Million Baht as 133.96 Million Baht increased or 75.16 percent when compared to same period of previous year as amounting of 178.24 Million Baht due to more delivery to customers
- Profit from investment as amounting of 101.74 Million Baht from unrealized gain on changes in fair value of investments

- Other revenue as amounting of 49.96 Million Baht from received interest, sale of scrap and revenue from open-end Fund and securities

## (2) Gross Profit

Quarter 3-2018 company and its subsidiaries had gross profit from sale of products and services as amounting of 23.57 Million Baht increased or 3.10 percent when compared to same period of previous year which had profit of 2.98 percent due to revenue from the projects of the subsidiaries has higher gross margin than the previous year and also more projects delivery.

## (3) Expenses

Quarter 3-2018 company and its subsidiaries had total expenses of 891.02 Million Baht as 263.47 Million Baht increased from year 2017 which had total expenses of 627.55 Million Baht or 41.98 percent by the following reasons.

- Cost of sales as amounting of 448.46 Million Baht as 65.74 Million Baht increased or 17.18 percent when compared to same period of previous year which had amounting of 382.72 Million Baht by vary from increased of sales
- Cost of services as amounting of 288.88 Million Baht as 125.58 Million Baht increased or 76.90 percent when compared to same period of previous year which had amounting of 163.30 Million Baht by vary from projects delivery to customer
- Cost of administrative as amounting of 58.75 Million Baht as 0.87 Million Baht decreased when compared to same period of previous year which had amounting of 57.88 Million Baht
- Cost of financial as amounting of 16.09 Million Baht as 1.54 Million Baht increased or 10.66 percent when compared to same period of pervious year which had amounting of 14.55 Million Baht

## Financial Status

As at September 30, 2018 company and subsidiaries had total asset as amounting of 6,133.52 Million Baht as decreased of 80.55 Million Baht when compared to December 31, 2017 as total assets of 6,052.97 Million Baht by following reasons.

- Current asset as amounting of 2,990.47 Million Baht as 349.48 Million Baht increased when compared to December 31, 2017 as amounting of 2,640 Million Baht (more cash and cash equivalents of 53.90 Million Baht) due to subsidiary (Rayong Wire Industries Public Company Limited) has reserve cash for purchasing raw materials and more short term loan of 77.50 Million Baht, Left in stock inventory of 143.85 Million baht, decline in trade receivable and other receivable of 86.72 Million Baht, more outstanding receivable of 26.81 Million Baht, more other external receivable of 80.52 Million Baht, decline in trade receivable of 23.23 Million Baht (due to other receivable related company “EMC” had payback to subsidiary (UWC) as amounting of 169.25 Million Baht and decline in advance prepaid expenses as amounting of 17.41 Million Baht
- Non-Current Assets of 3,143.06 Million Baht as decreased of 268.93 Million Baht when compared to December 31, 2017 which had amount of 3,411.99 Million Baht by more secured deposit of 24.89 Million Baht , more investment from affiliate company of 35.09 Million Baht, more fixed asset of 81.66 Million Baht, decline from depreciation charge of 112.34 Million Baht, impairment of asset of 28.61 Million Baht and decline in amortization of intangible assets of 36.96 Million Baht, decreased in receivables (rental) of 28.26 Million Baht and decline in deferred income tax of 44.74 Million Baht

#### Source of Fund for investment

##### Liabilities

- As at September 30, 2018 company has total liabilities of 2,169.97 Million Baht as 33.18 Million Baht increased when compared to December 31, 2017 as amounting of 2,136.79 Million Baht by subsidiaries has more short term loan from financial institution of 112.44 Million Baht, more account payables and other payables of 74.08 Million Baht (more external trade account payables of 64.04 Million Baht) more overdue expenses of 35.81 Million Baht, decrease in payment to purchase subsidiaries of 17.95 Million Baht, more loan from external of 70.00 Million Baht, decline in long term loan of 200.00 Million Baht and subsidiary (Enesol Company Limited) payback long term loan of 18.72 Million Baht

### Shareholders' Equity

- As at September 30, 2018 company has shareholders' equity of 2,574.75 Million Baht as 101.66 Million Baht increased when compared to December 31, 2017 as amounting of 2,473.09 Million Baht due to company had profit from business operation

Please be informed for acknowledgement

Sincerely yours,

Mr. Wutichai Leenabanchong  
Chairman