
At TIGER 002/2561

22 October 2018

Subject: Management Discussion and Analysis as ended 30 June 2018

To: Managing Director, the Stock Exchange of Thailand

Please find management discussion and analysis as ended 30 June 2018 of Thai Enger Holding Public Company Limited (“the Company”) as the following details:

Revenue from Sales and Services

For the first six-month period of 2018 and 2017, TEC, as the core company, has revenue from sales and services equivalent to THB 333.93 million and THB 260.85 million respectively, increasing by THB 73.08 million or equivalent to 28.02 compared to the same period of the previous year. This is due to the higher amount of projects on hand. In the six-month period of 2018, TEC has 7 large- and medium-size construction projects under its operation compared to 5 projects in the same period of the previous year. For the first 6-month of 2018, the large-size project from which the Company recognized the revenue are; Sa Kaeo Industrial Estate project equivalent to THB98.48 million (The contract was newly made in 2018), Labaris Hotel equivalent to THB 55.92 million (compare to THB 19.77 million realized in the first half year of 2017), waterworks production extension and construction project at Phra Prong dam equivalent to THB 45.50 million (compare to THB 195.04 million realized in the first half year of 2017). Additionally, TEC has recognized revenue from 2 projects started in 2018 which are Sun Parking – Parking Lot project equivalent to THB 36.63 million and Singha Complex Hardscape project equivalent to THB 14.74 million.

Furthermore, for the first six-month period of 2018, TEC has revenue from sales of air-conditioning system to Marvel Experience project equivalent to THB 26.19 million

Cost of Sales and Services

For the first six-month period of 2018, TEC has cost of sales and services equivalent to THB 275.24 million, increasing by THB 60.57 million or equivalent to 28.22 percent corresponding to the increasing of revenue from sales and services in the same period. However, TEC has higher construction cost for waterworks production extension and construction project at Phra Prong dam equivalent to THB 3.20 million which was the result of heavy rain damaging the already-installed waterworks piping system and pumping boat. Hence, TEC has adjusted the project budget cost and taken into account such damaged. As a result, the construction cost in the first quarter of 2018 slightly increased. Additionally, TEC also has the cost of sales of air-conditioning system to Marvel Experience project equivalent to THB 25.15 million

Gross Profit

In the first 6 months of 2018, the corporate group generated gross profit of THB 58.08 million, increasing by THB 11.58 million or 24.90% from THB 46.50 million in the same period last year. Gross Profit was considerably increased due to the efficiency of cost management.

Selling and Administrative expenses

In the first 6 months of 2018, the corporate group had selling and administrative expenses of THB 18.02 million, increasing by THB 6.85 million or 19.55% from THB 13.57 million in the same period last year. Selling and administrative expenses was considerably increased due to the fee from the new contract of Loans from financial institutions. Also, the employee's salary and benefits increased which effected to the higher selling and administrative expenses.

Net Profit

In the first 6 months of 2018, the corporate group generated net profit of THB 31.30 million, increasing by THB 5.30 million or 20.38% from THB 26.00 million in the same period last year. Net Profit was considerably increased due to growth of the total revenue of the corporate group as TEC had the bigger projects from the same period last year.

Yours sincerely,

(Mr.Viboon Pojanalai)

Chief Financial Officer