

HARNบริษัท หารย เอ็นจิเนียริ่ง โซลูชั่นส์ จำกัด (มหาชน)
HARN ENGINEERING SOLUTIONS PUBLIC COMPANY LIMITED

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CG Report Score :

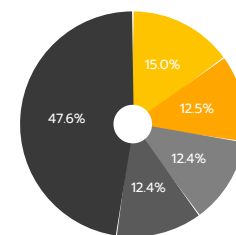
THSI List : -

Stock Data (27/08/2018)

| | YTD | 2017 | 2016 |
|-------------------|----------|----------|----------|
| Paid-up (MB.) | 292.25 | 292.25 | 292.25 |
| Listed share (M.) | 584.50 | 584.50 | 584.50 |
| Par (B.) | 0.50 | 0.50 | 0.50 |
| Market Cap (MB.) | 1,554.77 | 1,893.78 | 1,508.01 |
| Price (B./share) | 2.66 | 3.24 | 2.58 |
| EPS (B.) | 0.11 | 0.22 | 0.11 |

Statistics (27/08/2018)

| | P/E | P/BV | Div.Yield |
|--------------------|-------|------|-----------|
| HARN (x) | 11.52 | 1.30 | 5.26 |
| SERVICES - mai (x) | - | 2.92 | 2.11 |
| SERVICES - SET (x) | 35.75 | 4.03 | 1.73 |
| mai (x) | 66.29 | 2.13 | 1.83 |
| SET (x) | 17.08 | 1.95 | 2.93 |

Shareholder Structure (12/03/2018)

| | |
|--|--|
| ● Mr. Wirat Sukchai (15.0%) | ● Nice Noble Limited (12.5%) |
| ● Mrs. Sirima Iamsakurat (12.4%) | ● Mr. Jain Charnnarong (12.4%) |
| ● Others (47.6%) | |

Financial Ratios

| | 6M/2018 | 6M/2017 | 2017 | 2016 |
|-----------------|---------|---------|-------|-------|
| ROE (%) | 11.55 | 10.39 | 11.03 | 5.10 |
| ROA (%) | 11.68 | 10.43 | 11.36 | 5.21 |
| D/E (x) | 0.24 | 0.23 | 0.20 | 0.21 |
| GP Margin (%) | 29.71 | 27.90 | 29.62 | 24.46 |
| EBIT Margin (%) | 11.54 | 11.12 | 12.39 | 7.66 |
| NP Margin (%) | 9.26 | 9.08 | 9.97 | 6.12 |

Company Background

We are committed to be a leading sustainable solution provider of the following areas in Thailand and neighboring countries. 1) Product of valve and equipment in fire protection system and installation service such as Foam Fire Protection, Fire Suppression and Alarm Systems. 2) Valve and equipment in air-condition and sanitary products. 3) Products of Refrigeration. And 4) Products of Digital Printing.

Key Development of Company

| | |
|------|---|
| 2014 | Granted as an authorized dealer of Balancing and Control Valve of OVENTROP from The Federal Republic of Germany and converted a limited company to a public limited company and then listed in MAI through IPO process. |
| 2015 | Granted as an authorized dealer of Gas Firefighting System and expansion of installation service in a mega project and also initiated exporting to neighboring countries. |
| 2016 | Purchase and entire business transfer by issuing common share via private placement and combining into 4 business units. |
| 2017 | Extend to 3D Printing products and services for medical sector. This would help to bring efficient and effective on planning/preparation before operation using 3D PDF file or 3D Organ mode. |

Revenue Structure

Period : 30 Jun

(Unit : MB)

| | 6M/2018 | % | 6M/2017 | % | 2017 | % | 2016 | % |
|--|---------------|---------------|---------------|---------------|-----------------|---------------|---------------|---------------|
| 1. Fire Suppression Products and Installation Services | 277.51 | 41.21 | 285.54 | 45.38 | 579.54 | 44.56 | 546.09 | 82.40 |
| 2. Air-Conditioning and Sanitary Products | 42.64 | 6.33 | 41.31 | 6.56 | 86.18 | 6.63 | 48.53 | 7.32 |
| 3. Refrigeration Products | 165.35 | 24.55 | 147.79 | 23.49 | 312.51 | 24.03 | 23.97 | 3.62 |
| 4. Digital Printing Products | 182.21 | 27.05 | 146.43 | 23.27 | 307.74 | 23.66 | 26.93 | 4.06 |
| Total Sales and Service Revenue | 667.71 | 99.14 | 621.07 | 98.70 | 1,285.97 | 98.87 | 645.52 | 97.40 |
| Other Income | 5.77 | 0.86 | 8.15 | 1.30 | 14.73 | 1.13 | 17.20 | 2.60 |
| Total Revenue | 673.48 | 100.00 | 629.22 | 100.00 | 1,300.70 | 100.00 | 662.72 | 100.00 |

Business Plan

- In the year 2017, though the domestic and international economics experienced the downturn urging the government to increase spending to boost up the domestic economy. In the year 2018 the Company has also adjust business plan to constantly thrive. For example, to expand to the new group of customers in petrochemicals industry, to emphasis on design, inspect and installation of fire protection system, centralized the customer list acquired from the EBT, constantly increase the authorized dealer for new products, study investing plan in the engineeringing solutions provider in related, and also set up the selling agent in neighboring countries of CLMV.

- Providing the quality and valuable products and services by cooperating with high-technology manufacturers who are the leaders in the industry. Such competencies we provide will generate customer satisfaction and choose us as a strategic partner and differentiate us from the other competitors and raise the business sustainability. Additionally, we emphasis in research and development in the following sectors.

Fire Protection and Safety Business Unit addresses in initiative new products which could reduce installation cost and environmental friendly for example natural gas firefighting system (Nitrogen). Refrigeration Business Unit has focused on strategic energy saving more than 15 years by developing cold storage system from natural gas such as ammonia NH₃ and carbon dioxide complied with international collaboration on fighting with global warming. Digital Printing Business Unit invests and expands 3D printing solutions in the area of packaging industry and educational sector with specific in 3D medical.

Investment Highlight

The company entered to the contract of purchasing and entire business transfer of Chillmatch Co.,Ltd. and its subsidiary valuing 675.36 million Baht by issuing private placement common share of 234.50 million shares, offering price 2.62 baht per share (market price is 2.88 baht per share on execution date). The Company obtained all assets and liabilities of the two companies and started to recognized revenue from refrigeration and digital printing products on November 29, 2016 and December 1, 2016 respectively. Above all, customer list was exchanged and extended especially manufacturing clients which may need the four engineering solutions of the company. These can lead more sustainable sales and profitability in the future.

Government has set higher standard on rules and regulations to prevent fire incidents which include in office building and manufacturing factory in conforming to Building Control Act 1992. And the stakeholders realized the edges of having the fire protection system in term of business risk management as a result demand of the quality products and services in relating is increasing.

Infrastructure expansion policy in Thailand and the growing of economic of neighboring countries will enhance the continuous business opportunities and optimal return to the shareholders.

Risk Factor

Foreign Currency Exposure: The Company has more than 650 MB financial facilities with banks and will consider buying foreign currency in advance according to the total exposure and also continuously monitor the trend in the change of the currency for the purpose of evaluation and to manage the risks from the exchange rate closely. In addition, if foreign exchange rates change to the level that leads to sharp increase in its cost, the Company will revise its selling prices based on market conditions with prior notice thereof to our customers.

Goodwill Impairment test: Goodwill derived from the purchase and entire business transfer considered intangible asset in compliance with financial reporting standard. The annual impairment test is required. However, the management and sales team from the previous organization has joined the company and perpetually taken care of the customers. Besides, sharing all customer list could generate more sale wide across four business units. As a result the management has confident to induce sufficient free cash flow to overcome the impairment test criteria.

Award and Winnings

Awarded the Highest Revenue Growth in Asia-Pacific 2016 from Domino Printing Sciences PLC., the leader in digital printing products from the UK. Approved the research funding from NIA in 2018 topic "3Dmed anatomical models for efficiency medical purposes".

Capital Structure

(Unit : MB)

| | 6M/2018 | 6M/2017 | 2017 | 2016 |
|-------------------------|----------|----------|----------|----------|
| Current Liabilities | 244.43 | 223.43 | 197.77 | 194.25 |
| Non-Current Liabilities | 44.71 | 42.81 | 44.90 | 47.96 |
| Shareholders' Equity | 1,195.23 | 1,142.15 | 1,214.68 | 1,137.64 |

Company Structure

No subsidiary / No associates company

Company Image

