



GEL.CS.003/2562

28 February 2019

Subject: Management Discussion and Financial Analysis for the operating results as at Decemcer 31, 2018

To: Director and Manager
The Stock Exchange of Thailand

The Board of Director's meeting No. 2/2019 of General Engineering Public Company Limited ("the Company") held on February 28, 2019 has approved and verified the financial statements of the Company and its subsidiaries for the year 2018 which audited by the auditor of the Company. Details are as follows.

1. The Operating Results Analysis

For the year ended December 31, 2018

The operating results of the Company and its subsidiaries for the year ended December 31, 2018 is described in the financial statement showing net loss at the amount of Baht 152.21 million, comparing with the year 2017, the net profit amount of Bath 105.72 million or Baht 46.49 million decreased which details are as follows;

(1) Revenue from sales

In 2018, the Company and its subsidiaries had total revenue from sales at the amount of Baht 1,948.01 million, which increased from the year 2017 by Baht 185.55 million or 10.53%. The increase was affected by an increase in the delivery volume of pre-stressed concrete piles, precast concrete wall special cement and architecture by Baht 214.21 million. In addition, the delivery volume of fiberglass reinforced concrete and post-tension was decreased by Baht 47.98 million.

(2) Other income

In 2017, the Company and its subsidiaries had dividend income with amount of Baht 2.40 million and gain the profit from disposition of the common shares which was Baht 42 million. In addition, gain the profit from steel and concrete which was Baht 10.99 million and others income was 13.15 million.

(3) Cost of sales

In 2018, the Company and its subsidiaries had total cost of sales at the amount of Baht 1,888.56 million, which increased from the year 2017 by Baht 276.08 million or 17.12% due to the fixed cost on salaries for the production that was not able to occupy full capacity, the expenses from services was not in line with budget. The Company recorded an impairment of inventory Baht 25.42 million.

(4) Gross profit

The Company and its subsidiaries' total gross profit were Baht 34.04 million, which decreased from the year by 121.41 million or 78.10%, due to a decrease in sales and unit price but cost of sales and service was increased.

(5) Selling expenses

The Company and its subsidiaries had selling expenses of Baht 47.28 million, or Baht 5.48 million decreased from the year 2017 or 10.39%.

(6) Administrative expenses

The Company and its subsidiaries' administrative expenses were Baht 145.98 million, or Baht 28.82 million or 24.60% increased from the year 2017 due to a employee's expenses increased by Baht 11.85 million and the Company's subsidiaries have not yet started their operations.

(7) Financial cost

The Company and its subsidiaries' financial cost from loan and permission note were Baht 41.93 million or increased by Baht 25.59 million or 156.66% from the last year due to long term loan and working capital.

(8) Share of profit (loss) from investment in associated company and joint ventures

In 2018, the Company recognized the profit sharing from Mctric Public Company Limited for the amount of Baht 23.25 million and the loss sharing amount of Baht 14.74 million from Wisdom Tree Investment (S) PTE. Limited. Therefore, share of profit from investment in associated company and joint venture was Baht 8.51 million, increased by Baht 93.09 million comparing to the same period last year, which the Company loss sharing from Mctric Public Company at the amount of Baht 81.48 million and loss sharing from Wisdom Tree Investment (S) PTE. Limited. at the amount of Baht 3.09 million.

2. Financial Analysis

(Unit: Thousand Baht)

Items	30 December 2018	31 December 2017	Increase (Decrease)	%
Net Assets	6,724,090	6,229,084	495,006	7.95
Net Liabilities	2,078,079	1,365,378	712,702	52.20
Shareholders' equity	4,646,010	4,863,707	(217,697)	(4.48)

Assets

As at December 31, 2018, the Company had total assets of Baht 6,724.09 million Baht, at the amount of Baht 495.01 million or 7.95% increased from the same period of last year.

1. An increase in cash and cash equivalent at amount of Baht 8.67 million which was due to an increase in accounts receivable and account receivable of related company at amount of Baht 10.89 million.
2. An increase in inventories at amount of Baht 124.89 million which was due to delay of project and delivery and inventories from the Company's subsidiaries was increased by Baht 69.40 million.
3. An increase in other current assets at amount of Baht 41.98 million due to withholding tax of investment in machine of the Company's subsidiaries was on processing for tax refund which was Baht 44.42 million.
4. Restricted bank deposits decreased by Baht 27.93 million due to changed in collateral.
5. The Company was adjusting in available-for-sales to market price at amount of Baht 77.86 million increased from ended 31 December 2018.
6. The subsidiaries' property, plant and equipment increased by Baht 402.04 million from the factory which is under construction and commissioning.

Liabilities

As at 31 December 2018, the Company and its subsidiaries' liabilities was Baht 2,078.08 million, increased by Baht 712.70 million or 52.20 from 31 December 2018.

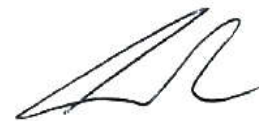
1. The Company's current liabilities increased by Bath 165.57 million due to;

- a. The Company and its subsidiaries short term loan increased by Baht 252.05 million which comes from the Company's short term loan (PN) was Baht 226 million and subsidiaries overdrafts was Baht 26 million for the Company's working capital and for construction and procurement of machinery.
 - b. The Company reallocated term loan to current liabilities from last year effecting to a decrease in long term loan at amount of Baht 239 million. The Company's subsidiaries recognized short term loan increased by Baht 35 million.
 - c. The Company's account payable increased by Baht 153.75 million from supply of materials and labor expenses.
2. Non-current liabilities increased by Baht 547.13 million due to
- a. The term loan was Baht 538.71 million from term loan of the Company and its subsidiaries. And Last year the Company categorized term loan to current liabilities and changed to non-current liabilities this period which affected to an increase in non-current liabilities by Baht 538.71 million and the Company and its subsidiaries repayment Baht 149.50 million.
 - b. The Company recognized the employee benefits obligation - net at amount of Baht 8.69 million.

Shareholders' equity

As at 31 December 2018, the shareholders' equity of the Company and its subsidiaries were Bath 4,646.01 million, decreased by Baht 217.69 million or 4.48% from 31 December 2017. The available for sale of securities was increased due to the market price was higher. This was effecting in increased in number of shareholders' equity by Baht 77.86 million. The operating result of the Company and its subsidiaries in the year 2018 showing a loss resulting in a decrease in shareholders' equity at the amount of Baht 215.08 million.

Yours sincerely,
General Engineering Public Company Limited



(Mr. Wuttichai Sresthabutra)
Director