



No. FTE 005/2020

14 August 2020

Subject Management Discussion and Analysis for the second quarter ended June 30, 2020

Attention The President
The Stock Exchange of Thailand

Attachment Report and interim financial statement for the second quarter ended June 30, 2020

Firetrade Engineering Public Company Limited (“the Company”) would like to report the operating result according to the Company’s consolidated financial statement of the Company and its subsidiary for the second quarter ended June 30, 2020 which the details are as follows:

Unit: million Baht	For 3-month period (Apr-Jun)			
	2020	2019	Change	% Increase (Decrease)
Revenue from sale of goods	128.52	164.02	(35.50)	(21.64)
Revenue from project works and services	87.05	79.26	7.79	9.83
Total Revenue from Sale and Services	215.57	243.28	(27.71)	(11.39)
Cost of sales of goods	92.48	116.61	(24.13)	(20.69)
Cost of project works and services	70.25	60.73	9.52	15.68
Total Costs of Sales and Services	162.73	177.34	(14.61)	(8.24)
Gross Profit	52.84	65.94	(13.10)	(19.87)
Other incomes	1.69	2.34	(0.65)	(27.78)
Distribution costs	17.27	18.78	(1.51)	(8.04)
Administrative expenses	18.79	19.34	(0.55)	(2.84)
Finance costs	0.41	0.00	0.41	100.00
Tax expense	3.50	5.90	(2.40)	(40.68)
Profit for the period	14.56	24.26	(9.70)	(39.98)
Net Profit - attributable to equity holders of the parent	14.56	24.26	(9.70)	(39.98)
Gross Profit Margin (%)	24.51	27.10		
Net Profit Margin (%)	6.70	9.88		

Unit: million Baht	For 6-month period (Jan-Jun)			
	2020	2019	Change	% Increase (Decrease)
Revenue from sale of goods	285.10	331.66	(46.56)	(14.04)
Revenue from project works and services	155.49	160.22	(4.73)	(2.95)
Total Revenue from Sale and Services	440.59	491.88	(51.29)	(10.43)
Cost of sales of goods	200.97	234.82	(33.85)	(14.42)
Cost of project works and services	129.57	125.35	4.22	3.37
Total Costs of Sales and Services	330.54	360.17	(29.63)	(8.23)
Gross Profit	110.05	131.71	(21.66)	(16.45)
Other incomes	2.85	7.65	(4.80)	(62.75)
Distribution costs	35.27	36.58	(1.31)	(3.58)
Administrative expenses	44.32	35.34	8.98	25.41
Finance costs	0.41	0.00	0.41	100.00
Tax expense	6.41	13.41	(7.00)	(52.20)
Profit for the period	26.49	54.03	(27.54)	(50.97)
Net Profit - attributable to equity holders of the parent	26.49	54.03	(27.54)	(50.97)
Gross Profit Margin (%)	24.98	26.78		
Net Profit Margin (%)	5.97	10.82		

Remark: 1) Net profit margin is calculated from the net profit attributable to equity holders of the parent on consolidated financial statement.
2) Decimal numbers shown in this management discussion and analysis are likely to be different from the Company’s financial statement due to the rounding to 2-digit decimal and unit changed to million baht



Revenue from Sales and Services

For 3-month period ended June 30, 2020, the Company's revenue from sales and services was THB 215.57 million, decreased by THB 27.71 million or equivalent to 11.39 percent compared to the same period of last year.

For 6-month period ended June 30, 2020, the Company's revenue from sales and services was THB 440.59 million, decreased by THB 51.29 million or equivalent to 10.43 percent compared to the same period of last year.

Revenue from sale of goods was decreased compared to the same period of last year, the impact of the Coronavirus disease 2019 pandemic.

Revenue from project works and services were decreased from those on-going projects in 2019 compared to the same period of last year. For 3-month period ended June 30, 2020, increase compared to the same period of last year.

Gross Profit and Gross Profit Margin

For 3-month period ended June 30, 2020, the Company's gross profit was THB 52.84 million or equivalent to the gross profit margin of 24.51 percent, whilst in the same period of last year, the Company's gross profit was THB 65.94 million or equivalent to gross profit margin of 27.10 percent.

For 6-month period ended June 30, 2020, the Company's gross profit was THB 110.05 million or equivalent to the gross profit margin of 24.98 percent, whilst in the same period of last year, the Company's gross profit was THB 131.71 million or equivalent to gross profit margin of 26.78 percent.

The decreased in gross profit and gross profit margin were a consequence of the fact that the Company revenue from project works and services as mentioned earlier, while the other costs were increased.

Other income

For 3-month period ended June 30, 2020, the Company's other income were THB 1.69 million, decreased by THB 0.65 million or equivalent to 27.78 percent compared to the same period of last year.

For 6-month period ended June 30, 2020, the Company's other income were THB 2.85 million, decreased by THB 4.80 million or equivalent to 62.75 percent compared to the same period of last year.

Because in 2019, the Company using the cash received from the Initial Public Offering (IPO) buy land for the construction a warehouse with an area of approximately 9 rai, resulting in a decreased in interest income.so on.

Distribution costs and Administrative Expenses

For 3-month period ended June 30, 2020, the Company's distribution costs and administrative expenses were THB 36.06 million, decreased by THB 2.06 million or equivalent to 5.40 percent compared to the same period of last year.

For 6-month period ended June 30, 2020, the Company's distribution costs and administrative expenses were THB 79.59 million, increased by THB 7.67 million or up 10.66 percent compared to the same period of last year.

Increases in such expenses resulted the Company has set aside allowance for doubtful accounts. For debtors who have tracked debt and overdue debt. The Company has adopted revised TFRS and new TFRS which are effective for the accounting, and depreciation and amortization of assets compared to the same period of last year.so on.



Finance costs

For 3-month period ended June 30, 2020, and for 6-month period ended June 30, 2020, the Company's finance costs was THB 0.41 million.

The finance costs arise from lease liabilities has adopted TFRS 16 Leases requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Net Profit and Net Profit Margin

For 3-month period ended June 30, 2020 the Company's net profit attributable to equity holders of the parent was THB 14.56 million which was equal to the net profit margin of 6.70 percent. Whilst, in the same period of last year, the Company's net profit attributable to equity holders of the parent was THB 24.26 million which was equal to the net profit margin of 9.88 percent.

For 6-month period ended June 30, 2020, the Company's net profit attributable to equity holders of the parent was THB 26.49 million which was equal to the net profit margin of 5.97 percent. Whilst, in the same period of last year, the Company's net profit attributable to equity holders of the parent was THB 54.03 million which was equal to the net profit margin of 10.82 percent.

The decrease in net income for the second quarter ended June 30, 2020, was as mentioned earlier.

Please be informed accordingly,

Yours sincerely,

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(Mr. Taksin Tantipijit)
Managing Director

Firetrade Engineering Public Company Limited