



GEL.CS.014/2563

16 November 2020

Subject: Management Discussion and Financial Analysis for the operating results of the third quarter of 2020, ended September 30, 2020

To: Director and Manager
The Stock Exchange of Thailand

The Board of Director's meeting No. 6/2020 of General Engineering Public Company Limited ("the Company") held on November 16, 2020 has approved and verified the financial statements of the Company and its subsidiaries for the third quarter of 2020 which reviewed by the auditor of the Company. Details are as follows.

1. The Operating Results Analysis

For the third quarter of 2020, ended September 30, 2020

The operating results of the Company and its subsidiaries for the third quarter of 2020, ended September 30, 2020 was described in the financial statement showing net loss at the amount of Baht 67 million, comparing with the same period of previous year, the net loss at the amount of Baht 63 million. In the third quarter of 2020, the net loss was increased by Baht 4 million which details are as following;

(1) Revenue from sales

In the third quarter of 2020, the Company and its subsidiaries had total revenue from sales at the amount of Baht 349 million, which decreased from the same period of previous year by Baht 183 million or 34%. The decrease was affected by the outbreak of the coronary virus 2019 or Covid-19, causing customers to delay in work delivery of many projects although the Company has already been hired.

(2) Cost of sales

In the third quarter of 2020, the Company and its subsidiaries had total cost of sales at the amount of Baht 356 million, which decreased from the same period of previous year by Baht 162 million or 31% due to the cost of sales varies according to the decrease in revenue while the subsidiary cost of sales was decreased due to its production was increased compare to the same period of previous year.

(3) Gross profit

The Company and its subsidiaries' total gross loss were Baht 7 million compare to the same period of previous year which total gross profit were Baht 14 million, due to delay in work delivery and production order. As a result, the cost of sales per unit increased.

(4) Administrative and Selling expenses

The Company and its subsidiaries had administrative and selling expenses at the amount of Baht 37 million, decreased from the same period of previous year by Baht 17 million or 31%.

(5) Financial cost



The Company and its subsidiaries' financial cost from loan and permission note were Baht 16 million or decreased from the same period of previous year by Baht 3 million or 16% due to the interest rate was decreased and repayment term loan.

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

In the third quarter of 2020, the Company recognized the loss sharing from Mctric Public Company Limited for the amount of Baht 1 million and the loss sharing amount of Baht 1 million from Wisdom Tree Investment (S) PTE. Limited, which the Company recognized the net loss sharing Baht 2 million, comparing with the same period of previous year, which the Company recognized the profit sharing from Mctric Public Company at the amount of Baht 5 million and the loss sharing from Wisdom Tree Investment (S) PTE. Limited. at the amount of Baht 6 million.

2. The Operating Results Analysis

For the 9-month of 2020, ended September 30, 2020

The operating results of the Company and its subsidiaries for the 9-month of 2020, ended September 30, 2020 was described in the financial statement showing net loss at the amount of Baht 175 million, comparing with the same period of previous year, the net loss at the amount of Baht 152 million. In the 9-month of 2020, the net loss was increased by Baht 23 million which details are as following;

(1) Revenue from sales

In the 9-month of 2020, the Company and its subsidiaries had total revenue from sales at the amount of Baht 1,167 million, which decreased from the same period of previous year by Baht 457 million or 28%. The decrease was affected by the outbreak of the coronary virus 2019 or Covid-19, causing customers to delay in work delivery of many projects although the Company has already been hired. The Company's subsidiaries have increased work deliveries compared to the same period of previous year.

(2) Cost of sales

In the 9-month of 2020, the Company and its subsidiaries had total cost of sales at the amount of Baht 1,173 million, which decreased from the same period of previous year by Baht 389 million or 25% due to the cost of sales varies according to the decrease in revenue while the subsidiary cost of sales was decreased due to its production was increased compare to the same period of previous year.

(3) Gross profit

The Company and its subsidiaries' total gross loss were Baht 6 million, compare to the same period of previous year which total gross profit were Baht 62 million due to delay in work delivery and production order. As a result, the cost of sales per unit increased.

(4) Administrative and Selling expenses

The Company and its subsidiaries had administrative and selling expenses at the amount of Baht 119 million, decreased from the same period of previous year by Baht 59 million or 33%.

(5) Financial cost

The Company and its subsidiaries' financial cost from loan and permission note were Baht 54 million or decreased from the same period of previous year by Baht 4 million or 8% due to the interest rate was decreased and repayment term loan.

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

In the 9-month of 2020, the Company recognized the loss sharing from Mctric Public Company Limited for the amount of Baht 2 million and the loss sharing amount of Baht 1 million from Wisdom Tree Investment (S) PTE. Limited, which the Company recognized the net loss sharing Baht 3 million, comparing with the same period of previous year, which the Company recognized the profit sharing from Mctric Public Company at the amount of Baht 16 million and the loss sharing from Wisdom Tree Investment (S) PTE. Limited. at the amount of Baht 23 million.

3. Financial Analysis

(Unit: Million Baht)

Items	31 March 2019	31 December 2018	Increase (Decrease)	%
Net Assets	5,891	5,885	6	0.10
Net Liabilities	2,265	2,076	189	9.10
Shareholders' equity	3,626	3,809	(183)	(4.80)

Assets

As at September 30, 2020, the Company and its subsidiaries had total assets of Baht 5,891 million, increased by Baht 6 million or 0.10% comparing with December 31, 2019 due to

1. A decrease in inventories at amount of Baht 85 million which was due to better stock movement.
2. A decrease in trade accounts receivable and retention receivable at amount of Baht 94.
3. A decrease in investment in available-for-sales securities (MILL) at amount of Baht 8 million due to market price was decreased from 0.69 Baht/share at 31 December 2019 to 0.68 Baht/share in the third quarter of 2020
4. Recoded asset usage right in third quarter of 2020 at amount of Baht 113 million (according to Thai Financial Reporting Standards TFRS 16 "Leases")
5. An increased in property, plant and equipment at amount of Baht 53 million due to construction in Segment project which start in this quarter.

Liabilities

As at September 30, 2020, the Company and its subsidiaries' liabilities was Baht 2,265 million, increased by Baht 189 million or 9.10% comparing with 31 December 2019 due to

1. Trade and other payable was Baht 550 million increased by Baht 94 million due to an increase in supplier and contractor.
2. Long – term loan from financial institutions was Baht 756 million increased by Baht 50 million due to repayment.
3. Recorded liability under lease agreement over 1 year in the third quarter of 2020 increased by Baht 102 million (according to Thai Financial Reporting Standards TFRS 16 "Leases").
4. Employee benefit obligation was decreased by Baht 23 million due to decrease in employee.

Shareholders' equity

As at September 30, 2020, the shareholders' equity of the Company and its subsidiaries were Bath 3,626 million, decreased by Baht 183 million or 4.80% from 31 December 2019 due to a decrease in market price of investment in available-for-sales securities which amount of Baht 8 million due to decrease in market price and the operating result of the Company and its subsidiaries in the 9-month of 2020 showing net loss Baht 175 million which resulting in a decrease in shareholders' equity.



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Yours sincerely,
General Engineering Public Company Limited

-signed-

(Mr. Wuttichai Sresthabutra)
Director