

No. SET 2021/12

11 August 2021

Subject: Management Discussion and Analysis (MD&A) for the Second Quarter of 2021

To President  
The Stock Exchange of Thailand

TEAM Consulting Engineering and Management Public Company Limited (“the Company”) would like to submit this Management Discussion and Analysis for the second quarter ended 30 June 2021 with details as follows:

### Revenue

The total revenue of the Company and its subsidiaries for the second quarter ended 30 June 2021 was 383.36 Million Baht, decreasing by 3.3% from 396.41 Million Baht in the first quarter of 2021, and by 12.9% from the total revenue of 440.06 Million Baht in the second quarter of 2020. The total revenue in this quarter consisted of service revenue in the amount of 377.98 Million Baht and other revenue of 5.39 Million Baht.

### Service Revenue

The Company and its subsidiaries had the service revenue for the second quarter of 2021 in a total amount of 377.97 Million Baht, accounting for 98.6% of the total revenue with the following revenue structure:

Service Revenue (Million Baht)	Q2 (2021)	Q1 (2021)	Q-o-Q	Q2 (2020)	Y-o-Y	Jan-Jun 2021	Jan-Jun 2020	% Growth
Government Sector (G)	216	221	(2%)	256	(15%)	437	485	(10%)
Private Sector (P)	127	119	7%	125	1%	246	239	3%
International Sector (I)	27	30	(11%)	32	(17%)	57	101	(43%)
Related Business Sector (R)	8	19	(58%)	25	(68%)	27	44	(39%)
<b>Total Service Revenue</b>	<b>378</b>	<b>389</b>	<b>(3%)</b>	<b>438</b>	<b>(14%)</b>	<b>767</b>	<b>869</b>	<b>(12%)</b>

#### (1) Service Revenue from Government Sector

During the second quarter of 2021, the Company and its subsidiaries gained the service revenue from the government projects in the amount of 216.16 Million Baht, accounting for 49% of the total service revenue, declining by 15% from the same period of 2020. The service revenue of the second quarter in 2021 was also 2% lower than that of the first quarter. This was because the operation periods of our 2-3 large-scale government PMSC projects had to be extended due to delayed operations of contractors and closure of construction sites according to the government order issued by the end of the second quarter. The Company, therefore, had to adjust the project costs to correspond to the extended periods. Currently,

the Company is in the process of preparing documents to negotiate for additional costs that can be requested from the clients.

## **(2) Service Revenue from Private Sector**

During the second quarter of 2021, the Company and its subsidiaries earned the service revenue from the private sector in the amount of 127.07 Million Baht, equaling 29% of the total service revenue, slightly increasing from the same period of 2020 and from the first quarter of 2021 at the rates of 1% and 7% respectively. The Company and its subsidiaries have constantly and continuously performed works for the existing projects and the new ones gained this year.

## **(3) Service Revenue from International Sector**

During the second quarter of 2021, the Company and its subsidiaries had the service revenue of 26.71 Million Baht, or 6% of the total service revenue, continuously declining since last year after the COVID-19 outbreak at the rate of 17.3% from the same period of the previous year, and 11% from that in the first quarter of 2021. This resulted from the COVID-19 situation, causing difficulties for the Company and its subsidiaries to search for new opportunities abroad. Besides, the new wave of COVID-19 which became more severe in the countries where the project sites are located was the obstacle for the Company and its local partners to fully perform project works.

## **(4) Service Revenue from Related Business Sector**

During the second quarter of 2021, the Company and its subsidiaries had the revenue from the related business sector in the amount of 8.03 Million Baht, accounting for 2% of the total service revenue. The amount was significantly lower than the same period of 2020 and the first quarter of 2021 at the rates of 68% and 58% respectively. The decline in the service revenue from this sector resulted from the completion of dam instrumentation works which are currently under the performance guarantee period. The Company and its subsidiaries have planned to bid for the new projects of the same kind by the end of this year and early next year.

Consolidated Financial Performance	Apr-Jun 2021		Apr-Jun 2020		% Growth (Y-o-Y)
	Million Baht	% of Total Revenue	Million Baht	% of Total Revenue	
Service Revenue	377.97	98.6%	438.24	99.6%	(13.8%)
Total Revenue	383.36	100.0%	440.06	100.0%	(12.9%)
Cost of Services	(280.60)	(74.2%)	(313.48)	(71.2%)	(10.5%)
Administrative Expenses	(79.98)	(20.9%)	(76.55)	(17.4%)	4.5%
Operating Profit	22.79	5.9%	50.04	11.4%	(54.5%)
Share of Profit from Investment in Associated Companies	0.08	0.0%	1.65	0.4%	(95.3%)
Financial Income	1.99	0.5%	2.38	0.5%	(16.3%)
Financial Cost	(1.01)	(0.3%)	(0.66)	(0.1%)	53.0%
Income Tax	(5.27)	(1.4%)	(9.51)	(2.2%)	(44.6%)
Profit for the Period	18.58	4.8%	43.90	10.0%	(57.7%)

### Cost of Services, Administrative Expenses, Net Profit, and Net Profit Margin

In the second quarter of 2021, the total cost of services of the Company and its subsidiaries reduced by 32.88 Million Baht, equaling 10.5% which corresponded to the decrease in the service revenue. However, the cost of services increased to 74.2% of the service revenue, which was higher than that of 71.2% in the same period of the previous year. This was because the Company and its subsidiaries had to increase the expenses due to the extended periods of the projects as above-mentioned. Furthermore, there were some projects that the clients increased the scopes of services, causing the Company and its subsidiaries to adjust the project costs.

Besides, the administrative expenses in the second quarter of 2021 slightly increased by 3.43 Million Baht or 4.5% to reach 20.9% of the total revenue, comparing to 17.4% of the total revenue in the same period of last year, owing to the decreased revenue. Consequently, the Company and its subsidiaries gained the net profit for the second quarter of 2021 in a total amount of 18.58 Million Baht, lower than that in the same period of 2020 at the rate of 57.7%. The net profit margin in this second quarter was 4.8% of the total revenue, comparing to 10.0% in the same period of 2020.

### Financial Ratio

As at the end of the second quarter of 2021, the Company and its subsidiaries could maintain the liquidity at the satisfactory level of 1.98 times. However, the quick ratio reduced to 0.94 times from 1.05 times in the first quarter of 2021. This was mainly due to the delay in project approval by the clients and also the delay in government disbursement as a result of the COVID-19 pandemic. Moreover, the debt to equity ratio slightly decreased to 1.13 times whereas the gearing ratio slightly increased to 0.10 times at the end of the second quarter of 2021.

Please be informed accordingly.

Yours sincerely,

(Mrs. Penpilai Phonchaipanich)

Chief Financial Officer

TEAM Consulting Engineering and Management Public Company Limited