



GEL.CS.011/2564

16 August 2021

Subject: Management Discussion and Financial Analysis for the operating results of the second quarter of 2021, ended June 30, 2021

To: Director and Manager
The Stock Exchange of Thailand

The Board of Director's meeting No. 6/2021 of General Engineering Public Company Limited ("the Company") held on August 16, 2021 has approved and verified the financial statements of the Company and its subsidiaries for the second quarter of 2021 which reviewed by the auditor of the Company. Details are as follows.

1. The Operating Results Analysis

For the second quarter of 2021, ended June 30, 2021

The financial statement showing net profit at the amount of Baht 18 million, comparing with the same period of previous year, the net loss at the amount of Baht 53 million which the net loss was decreased by Baht 71 million which details are as following;

(1) Revenue from sales

The Company and its subsidiaries had total revenue from sales at the amount of Baht 355 million, which decreased from the same period of previous year by Baht 64 million or 15%. The decrease was still affected by the outbreak of the coronary virus 2019 or Covid-19, causing the construction of private sector to be affected both the real estate sector and large public building. As a result, the real estate sector has slowed along with customer was delayed the delivery of many projected even it has been hired.

(2) Cost of sales

The Company and its subsidiaries had total cost of sales at the amount of Baht 350 million, which decreased from the same period of previous year by Baht 75 million or 17.65% due to the effective of cost control and budget control and the cost of sales varies according to decrease in revenue which resulted in lower cost per unit.

(3) Gross profit

The Company and its subsidiaries' total gross profit were Baht 5 million, comparing with the same period of previous year, the net loss at the amount Baht 6 million due to effective of cost control as mentioned above.



(4) Administrative and Selling expenses

The Company and its subsidiaries had administrative and selling expenses at the amount of Baht 44 million, which decreased from the same period of previous year by Baht 4 million or 10% due to reorganization to be more suitable and more efficient in cost control.

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

In the second quarter of 2021, the Company recognized the profit sharing from Mctric Public Company Limited for the amount of Baht 7 million and the profit sharing amount of Baht 1 million from Wisdom Tree Investment (S) PTE. Limited, which the Company recognized the total net profit sharing Baht 8 million, comparing with the same period of previous year, which the Company recognized the loss sharing from Mctric Public Company at the amount of Baht 2 million and the loss sharing from Wisdom Tree Investment (S) PTE. Limited. at the amount of Baht 1 million.

(6) Dividend income

In the second quarter of 2021, the Company recognized the dividend income for the amount of Baht 2.43 million from equity investment (MILL)

(7) Profit from the sale of warrants (MILL-W6)

In the second quarter of 2021, the Company recognized the profit from the sale of warrants (MILL-W6) for the amount of shares 91.46 million with Bath 44.76 million

(8) Profit from the valuation of warrants (MILL-W6)

In the second quarter of 2021, the Company recognized the profit from the valuation of warrants (MILL-W6) for the amount of shares 56.11 million with total amount Bath 24.13 million

(9) Tax expense (income)

In the second quarter of 2021, the Company had tax expense for the amount of Baht 4.8 million, increase from the same period of previous yeas by Baht 6 million due to the Company recognized the valuation of warrants

2. The Operating Results Analysis

For the first half of 2021, ended June 30, 2021

The operating results of the Company and its subsidiaries for the first half of 2021, ended June 30, 2021 was described in the financial statement showing net loss at the amount of Baht 6 million, comparing with the same period of previous year, the net loss at the amount of Baht 107 million. In the first half of 2021, the net loss was decreased by Baht 101 million which details are as following;

(1) Revenue from sales

In the first half of 2021, the Company and its subsidiaries had total revenue from sales at the amount of Baht 743 million, which decreased from the same period of previous year by Baht 75 million or



9%. 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 second quarter of 2021, the Company and its subsidiaries had total cost of sales at the amount of Baht 700 million, which decreased from the same period of previous year by Baht 117 million or 14% due to the effective of cost control and budget control and the cost of sales varies according to decrease in revenue which resulted in lower cost per unit.

(3) Gross profit

The Company and its subsidiaries' total gross profit were Baht 43 million, which increased from the same period of previous year by Baht 42 million due to the efficiency in cost control.

(4) Administrative and Selling expenses

The Company and its subsidiaries had administrative and selling expenses at the amount of Baht 100.56 million, decreased from the same period of previous year by Baht 2 million or 2% due to reorganization to be more suitable and more efficient in cost control.

(5) Financial cost

The Company and its subsidiaries' financial cost from loan and permission note were Baht 35 million or decreased from the same period of previous year by Baht 4 million or 11% due to repayment term loan.

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

In the first half of 2021, the Company recognized the profit sharing from Mctric Public Company Limited for the amount of Baht 14 million and the profit sharing amount of Baht 3 million from Wisdom Tree Investment (S) PTE. Limited, which the Company recognized the net profit sharing Baht 17 million, comparing with the same period of previous year, which the Company recognized the loss sharing from Mctric Public Company at the amount of Baht 1 million and the profit sharing from Wisdom Tree Investment (S) PTE. Limited. at the amount of Baht 1 million.

(7) Dividend income

In the first half of 2021, the Company received dividend from Millcon Steel Public Company Limited at the rate Baht of 0.0033 per share, totaling Baht 2 million.

(8) Profit from the sale of warrants (MILL-W6)

In the second quarter of 2021, the Company recognized the profit from the sale of warrants (MILL-W6) for the amount of shares 91.46 million with total amount Bath 44.76 million

(9) Profit from the valuation of warrants (MILL-W6)

In the second quarter of 2021, the Company recognized the profit from the valuation of warrants (MILL-W6) for the amount of shares 56.11 million with total amount Bath 24.13 million

(10) Tax expense (income)

The Company had tax expense for the amount of Baht 6.44 million, increase from the same period of previous yeas by Baht 7 million due to the Company recognized the valuation of warrants.

3. Financial Analysis

(Unit: Million Baht)

Items	30 June 2021	31 December 2020	Increase (Decrease)	%
Net Assets	6,586	6,211	375	6.04
Net Liabilities	2,491	2,432	59	2.43
Shareholders' equity	4,095	3,779	316	8.36

Assets

As at June 30, 2021, the Company and its subsidiaries had total assets of Baht 6,586 million, increased by Baht 375 million or 6.04% comparing with December 31, 2020 due to

1. An increase in inventories at amount of Baht 126 million which was due to delay of project on hand and trade terms which some projects that have to be produced according to the number of conditions in order to deliver the work
2. An increase in other current asset at amount of Baht 24.12 million due to the valuation of warrants (MILL-W6) at amount of shares 56.10 million at Baht 0.43 per share.
3. An increase in contract assets at amount of Baht 40 million due to there are more finishes goods which not yet delivered
4. A decrease in trade accounts receivable at amount of Baht 7 million
5. An increase in investment in available-for-sales securities (MILL) at amount of Baht 254 million due to
 - 5.1. market price was increased from 0.91 Baht/share at 31 December 2020 to 1.29 Baht/share at 30 June 2021 which affect to an increase in investment in available-for-sales by Baht 383 million
 - 5.2. sales in investment in available-for-sales at amount of Baht 130 million in this quarter.
6. An increase in investment in available-for-sales securities which affect to a decrease in deferred tax asset at amount of Baht 77 million.
7. An increase in property, plant and equipment at amount of Baht 21 million due to construction new factory
8. An increase in investments in associated company and joint venture at amount of Baht 19 million due to sharing from profit on investment in associated company and joint venture

Liabilities

As at June 30, 2021, the Company and its subsidiaries' liabilities was Baht 2,491 million, increased by Baht 59 million or 2.43% comparing with 31 December 2020 due to

1. An increase in trade and other payable at amount of Baht 7 million due to an increase in supplier and contractor.
2. An increase in advance payment of customer at amount of Baht 41 million.



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3. An increase in recorded current portion of liabilities under leases agreement at amount of Baht 7 million due to purchase in machine and tools.
4. A decrease in current portion of long - term loans from financial institutions at amount of Bath 56 million due to the extending loan repayment period and adjusted to non-current portion of long-term loans from financial institutions which increased by Baht 56 million
5. An increase in recorded of liabilities under leases agreement at amount of Bath 7 million due to purchase in machine and tools.

Shareholders' equity

As at June 30 2021, the shareholders' equity of the Company and its subsidiaries were Bath 4,095 million, increased by Baht 316 million or 8.36% from 31 December 2020 due to

1. An increase in investment in available-for-sales securities (MILL) at amount of Baht 306 million due to market price was increased from 0.91 Baht/share at 31 December 2020 to 1.29 Baht/share in June 30, 2021
2. A recorded profit of investment in available-for-sales securities at amount of Baht 11 million
3. A recorded gain in exchange rate on investment joint venture, Wisdom Tree Investment (S) PTE. Limited, increased by Baht 2.2 million.
4. An increase in loss from non-controlling interest at amount of Baht 7 million

Yours sincerely,

General Engineering Public Company Limited

-signed-

(Mr. Wuttichai Sresthabutra)
Director