



GEL.CS.014/2564

15 November 2021

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

To: Director and Manager
The Stock Exchange of Thailand

The Board of Director's meeting No. 7/2021 of General Engineering Public Company Limited ("the Company") held on November 15, 2021 has approved and verified the financial statements of the Company and its subsidiaries for the third quarter of 2021 which reviewed by the auditor of the Company. Details are as follows.

1. The Operating Results Analysis

For the third quarter of 2021, ended September 30, 2021

The financial statement showing net loss at the amount of Baht 60 million, comparing with the same period of previous year, the net loss at the amount of Baht 67 million which the net loss was decreased by Baht 7 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 317 million, which decreased from the same period of previous year by Baht 32 million or 9.17%. 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 higher competition. Construction sites closure in Greater Bangkok in July 2021 has aggravated the situation to most construction companies.

(2) Cost of sales

The Company and its subsidiaries had total cost of sales at the amount of Baht 308 million, which decreased from the same period of previous year by Baht 48 million or 13.48% due to the effective of cost control and budget control which resulted in lower cost per unit.

(3) Gross profit

The Company and its subsidiaries' total gross profit were Baht 9 million, comparing with the same period of previous year, the net loss at the amount Baht 7 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 62 million, which increased from the same period of previous year by Baht 15 million or 31.91%.

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

In the third quarter of 2021, the Company has no recognized the profit (loss) sharing from Mctric Public Company Limited and the profit sharing amount of Baht 2 million from Wisdom Tree Investment (S) PTE. Limited, which the Company recognized the total net profit sharing Baht 2 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 loss sharing from Wisdom Tree Investment (S) PTE. Limited. at the amount of Baht 1 million.

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

In the third quarter of 2021, the Company recognized the profit from the sale of warrants (MILL-W6) for the amount of Bath 15 million

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

In the third quarter of 2021, the Company recognized the profit from the valuation of warrants (MILL-W6) for the amount of Bath 12 million

(8) Tax expense (income)

In the third quarter of 2021, the Company had tax income for the amount of Baht 2 million, increase from the same period of previous yeas by Baht 1 million.

2. The Operating Results Analysis

For the 9-month of 2021, ended September 30, 2021

The operating results of the Company and its subsidiaries for the 9-month of 2021, ended September 30, 2021 was described in the financial statement showing net loss at the amount of Baht 65 million, comparing with the same period of previous year, the net loss at the amount of Baht 175 million. In the 9-month of 2021, the net loss was decreased by Baht 110 million which details are as following;

(1) Revenue from sales

In the 9-month of 2021, the Company and its subsidiaries had total revenue from sales at the amount of Baht 1,060 million, which decreased from the same period of previous year by Baht 107 million or 9.17%. 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 and higher competition.

(2) Cost of sales



In the 9-month of 2021, the Company and its subsidiaries had total cost of sales at the amount of Baht 1,008 million, which decreased from the same period of previous year by Baht 165 million or 14.07% 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 52 million, which increased from the same period of previous year which had total gross loss were Baht 6 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 161 million, increased from the same period of previous year by Baht 13 million or 8.78%.

(5) Financial cost

The Company and its subsidiaries' financial cost from loan and permission note were Baht 52 million or decreased from the same period of previous year by Baht 3 million or 5.45% due to repayment term loan.

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

In the 9-month 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 5 million from Wisdom Tree Investment (S) PTE. Limited, which the Company recognized the net profit sharing Baht 19 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.

(7) Dividend income

In the 9-month 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 comparing with the same period of previous year, which the Company received dividend totaling Bath 16 million.

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

In the 9-month of 2021, the Company recognized the profit from the sale of warrants (MILL-W6) for the amount of Bath 60 million

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

In the 9-month of 2021, the Company recognized the profit from the valuation of warrants (MILL-W6) for the amount of Bath 12 million

(10) Tax expense (income)

The Company had tax expense for the amount of Baht 4 million due to the Company recognized the valuation of warrants, comparing with the same period of previous years which the Company had tax income by Baht 2 million.

3. Financial Analysis

(Unit: Million Baht)

Items	30 September 2021	31 December 2020	Increase (Decrease)	%
Net Assets	6,815	6,211	604	9.72
Net Liabilities	2,594	2,432	162	6.66
Shareholders' equity	4,221	3,779	442	11.69

Assets

As at September 30, 2021, the Company and its subsidiaries had total assets of Baht 6,815 million, increased by Baht 604 million or 9.72% comparing with December 31, 2020 due to

1. An increase in inventories at amount of Baht 196 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 12 million due to the valuation of warrants (MILL-W6) at amount of shares 18 million at Baht 0.65 per share.
3. An increase in contract assets at amount of Baht 63 million due to there are more finishes goods which not yet delivered
4. A decrease in trade accounts receivable at amount of Baht 77 million
5. An increase in investment in available-for-sales securities (MILL) at amount of Baht 468 million due to
 - 5.1. market price was increased from 0.91 Baht/share at 31 December 2020 to 1.63 Baht/share at 30 September 2021 which affect to an increase in investment in available-for-sales by Baht 635 million
 - 5.2. sales in investment in available-for-sales at amount of Baht 167 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 127 million
7. An increase in investments in associated company and joint venture at amount of Baht 7 million due to sharing from profit on investment in associated company and joint venture
8. An increase in right-of-use-assets at amount of Baht 26 million
9. An increase in restricted deposit at amount of Baht 18 million
10. An increase in current retention receivables at amount of Baht 14 million

Liabilities

As at September 30, 2021, the Company and its subsidiaries' liabilities was Baht 2,594 million, increased by Baht 62 million or 6.66% comparing with 31 December 2020 due to

1. An increase in trade and other payable at amount of Baht 25 million due to an increase in supplier and contractor.
2. An increase in advance payment of customer at amount of Baht 130 million.
3. An increase in recorded current portion of liabilities under leases agreement at amount of Baht 28 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 01 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 1 million



Shareholders' equity

As at September 30 2021, the shareholders' equity of the Company and its subsidiaries were Bath 4,221 million, increased by Baht 442 million from 31 December 2020 due to

1. An increase in investment in available-for-sales securities (MILL) at amount of Baht 635 million due to market price was increased from 0.91 Baht/share at 31 December 2020 to 1.6 3 Baht/share in September 30, 2021 and effect to a decrease in shareholder's equity at amount of 127 million from recorded tax income
2. A recorded profit of investment in available-for-sales securities at amount of Baht 9 million
3. A recorded loss in exchange rate on investment joint venture, Wisdom Tree Investment (S) PTE. Limited, increased by Baht 11 million.
4. A decrease in loss from non-controlling interest at amount of Baht 10 million

Yours sincerely,

General Engineering Public Company Limited

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(Mr. Wuttichai Sresthabutra)
Director