



26 January 2022

Subject Management Discussion and Analysis of Operating Results
for the nine-month period ended 30 September 2021

To President

The Stock Exchange of Thailand

Civil Engineering Public Company Limited (the "Company") would like to inform the Company's performance for the nine-month period ended 30 September 2021, as the following details:

Statements of Comprehensive Income

Statements of Comprehensive Income	For the nine-month period ended 30 September					
	2020		2021		Increase (Decrease)	
	THB MM	%	THB MM	%	THB MM	%
Revenues						
Revenues from construction services	2,719.19	90.67	3,532.14	94.55	812.95	29.90
Sales of construction materials	236.28	7.88	179.25	4.80	(57.02)	(24.13)
Rental income	11.19	0.37	11.92	0.32	0.74	6.57
Other income	32.45	1.08	12.54	0.34	(19.92)	(61.37)
Total Revenues	2,999.11	100.00	3,735.85	100.00	736.74	24.57
Expenses						
Cost of construction services	2,461.53	82.08	3,140.63	84.07	679.10	27.59
Cost of sales of construction materials	223.10	7.44	167.21	4.48	(55.89)	(25.05)
Cost of rent	6.89	0.23	7.93	0.21	1.04	15.10
Administrative expenses	224.17	7.47	213.22	5.71	(10.95)	(4.89)
Total Expenses	2,915.70	97.22	3,529.00	94.46	613.30	21.03
Operating Profit	83.41	2.78	206.85	5.54	123.44	147.99
Finance income	1.50	0.05	0.84	0.02	(0.67)	(44.33)
Finance cost	(6.28)	(0.21)	(4.98)	(0.13)	1.30	(20.75)
Profit before Income Tax Expenses	78.63	2.62	202.71	5.43	124.08	157.80
Income tax expenses	(13.19)	(0.44)	(32.54)	(0.87)	(19.35)	146.67
Profit for the Period	65.44	2.18	170.18	4.56	104.73	160.04



A. Revenues from Construction Services

Revenues from construction services breakdown by type of projects, as the following details:

Revenues from construction services breakdown by type of projects	For the nine-month period ended 30 September					
	2020		2021		Increase (Decrease)	
	THB MM	%	THB MM	%	THB MM	%
Highway and road construction	980.44	36.06	1,453.98	41.16	473.54	48.30
Rail systems	1,562.93	57.48	1,279.99	36.24	(282.94)	(18.10)
Airport	66.48	2.44	554.65	15.70	488.17	734.31
Dam and reservoir	84.02	3.09	117.07	3.31	33.05	39.34
Others ¹	25.32	0.93	126.45	3.58	101.13	399.41
Total revenues from construction services	2,719.19	100.00	3,532.14	100.00	812.95	29.90

Note: ¹ Others comprises of industrial estate and drainage system for flood prevention project

Revenues from construction services breakdown by customer group, as the following details:

Revenues from construction services breakdown by customer group	For the nine-month period ended 30 September					
	2020		2021		Increase (Decrease)	
	THB MM	%	THB MM	%	THB MM	%
Government agencies	2,290.46	84.23	3,277.18	92.78	986.72	43.08
Private companies ¹	428.73	15.77	254.96	7.22	(173.77)	(40.53)
Total revenues from construction services	2,719.19	100.00	3,532.14	100.00	812.95	29.90

Note: ¹ Revenues from construction services from private companies in the nine-month period ended 30 September 2020 and 2021 is a project that subcontracted from STTP Joint Venture and a direct project from PTT Public Company Limited

For the nine-months period ended 30 September 2020 and 2021, the Group had revenues from construction services of THB 2,719.19 million, and 3,532.14 million, respectively, which increased THB 812.95 million or equivalent to 29.90% in the nine-months period ended 30 September 2021. The main reason for the increase was primarily due to progress of airport projects, such as Trang airport project and Ranong airport project and also highway and road projects, such as Highway number 3901 Bangkok outer ring project and Highway number 3901 service way outside highway number 9 section 1 and section 2 and Highway number 304. In addition, the Group also recognized revenue from escalation factor (K) from past projects. In addition, during late 2020 and beginning of 2021, certain projects was impact from COVID-19 pandemic, such as import of equipment, restriction on movement of workers, and shut down of construction sites as per government's order, etc. However, as at 30 September 2021, the Company Group has resumed to normal operation for all projects.


B. Sales of construction materials

Sales of construction materials	For the nine-month period ended 30 September					
	2020		2021		Increase (Decrease)	
	THB MM	%	THB MM	%	THB MM	%
Total sales of construction materials	236.28	100.00	179.25	100.00	(57.02)	(24.13)

For the nine-months period ended 30 September 2020 and 2021, the Group had revenue from sales of construction materials of THB 236.28 million and THB 179.25 million, respectively, which decreased THB 57.02 million or equivalent to 24.13% in the nine-months period ended 30 September 2021. The main reason for the decrease was primarily due to increasing trend of commodity price, such as iron and concrete, which made sub-contractors postpone their orders rather than stock up materials.

C. Rental Income

Rental Income	For the nine-month period ended 30 September					
	2020		2021		Increase (Decrease)	
	THB MM	%	THB MM	%	THB MM	%
Rental income from real estate development	10.83	96.78	11.82	99.16	0.99	9.14
Other rental incomes ¹	0.36	3.22	0.10	0.84	(0.26)	(72.22)
Total rental income	11.19	100.00	11.92	100.00	0.74	6.57
Average occupancy rate (%)	76.73		96.74 ²			

Note: ¹ Other rental incomes comprises of rental of machineries and equipment

² Rental space in 2020 was 4,624.70 sq.m., while rental space as at 30 September 2021 was 3,952.70 sq.m. (excluding space used from the Company Group's office)

For the nine-months period ended 30 September 2020 and 2021, the Group had rental income of THB 11.19 million and THB 11.92 million, respectively, which increased THB 0.74 million or equivalent to 6.57%. The main reason for the increase was primarily due to there were additional leases for 220.00 sq.m. in March 2021 and 55.00 sq.m. in July 2021. In addition, the occupancy rate was significantly increase due to additional leases and the Company Group used part of rental space for internal office space led to lower rental space.

D. Cost of construction services and gross profit margin from construction services

For the nine-months period ended 30 September 2020 and 2021, the Group had cost of construction services of THB 2,461.53 million and THB 3,140.63 million, respectively, which increased THB 679.10 million or equivalent to 27.59%. The gross profit margin from construction services increased from 9.48% in the nine-months period ended 30 September 2020 to 11.08% in the nine-months period ended 30 September 2021 primarily due to the increase in revenue contribution from road and airport projects which have higher gross profit margin than railway projects.



E. Cost of sales of construction materials and gross profit margin from sales of construction materials

For the nine-months period ended 30 September 2020 and 2021, the Group had cost of sales of construction materials of THB 223.10 million and THB 167.21 million, respectively, which decreased THB 55.89 million or equivalent to 25.05% mainly due to lower revenues from sales of construction materials. The gross profit margin from sales of construction materials increased from 5.58% in the nine-months period ended 30 September 2020 to 6.72% in the nine-months period ended 30 September 2021 mainly due to procurement management and economy of scale.

F. Cost of rent and gross profit margin from rental

For the nine-months period ended 30 September 2020 and 2021, the Group had cost of rent of THB 6.89 million and THB 7.93 million, respectively, which increased THB 1.04 million or equivalent to 15.10%. The gross profit margin from rental decreased from 38.39% to 33.46% of rental income primarily due to increase in depreciation cost from periodic maintenance part of CEC building and increase in land rental fee from increase in occupied space.

G. Administrative expenses

For the nine-months period ended 30 September 2020 and 2021, the Group had administrative expenses of THB 224.17 million and THB 213.21 million, respectively, which decreased THB 10.95 million or equivalent to 4.89% primarily due to lower depreciation and fixing cost of equipment as the Company Group used the equipment for their construction projects more than prior year. Therefore, the Company Group recorded the expenses in cost of construction services instead. Moreover, administrative expenses to total revenues ratio decreased in the nine-months period ended 30 September 2021 primarily due to materially higher total revenues from revenues from construction services.

H. Net profit for the period

For the nine-months period ended 30 September 2020 and 2021, the Group had net profit of THB 65.44 million and THB 170.18 million, respectively, which increased THB 104.73 million or equivalent to 160.04%. The net profit margin is 2.18% and 4.56%, respectively. The increase was primarily due to significant increase in revenues and gross profit margin from construction services.

Statements of Financial Position

Unit: THB million	31 December 2020	30 September 2021	Increase (decrease)	
			THB MM	%
Total assets	4,994.85	6,172.75	1,177.90	23.58
Total liabilities	3,885.42	5,243.14	1,357.72	34.94
Total shareholders' equity	1,059.43	929.61	(129.82)	(12.25)



Total assets of the Group as at 31 December 2020 and 30 September 2021 are THB 4,944.85 million and THB 6,172.75 million, respectively, which increased THB 1,177.90 million or equivalent to 23.58% primarily due to (1) increase in cash and cash equivalent mainly derives from the Company received advance payment of High-speed railway from Saraburi to Kaeng Khoi district project from project owner, (2) increase in trade and other receivables mainly derives from increase in the delivery of projects during the year end, and (3) increase in unbilled receivables mainly derives from High-speed railway from Saraburi to Kaeng Khoi district project. Meanwhile, the Group gradually delivers each installment of Double-track railway from Bang Saphan Noi district to Chumphon project and High-speed railway from Sikhio district to Kut Chik district project. Therefore, unbilled receivables of these two projects were decreased from 31 December 2020.

Total liabilities of the Group as at 31 December 2020 and 30 September 2021 are THB 3,885.42 million and THB 5,243.14 million, respectively, which increased THB 1,357.72 million or equivalent to 34.94% primarily due to (1) increase in advances received from project owners, which mainly from High-speed railway from Saraburi to Kaeng Khoi district project, and (2) increase in trade and other payables mainly derives from trade payables with sub-contractors from further progress in construction in various projects and trade payables with suppliers which not yet due.

Total shareholders' equity of the Group as at 31 December 2020 and 30 September 2021 are THB 1,059.43 million and THB 929.61 million, respectively, which decreased THB 129.82 million or equivalent to 12.25%. The changes in shareholders' equity were from the declaration of dividend payment to shareholders of THB 300.00 million in March 2021.

In addition, board of directors' meeting on 15 November 2021 approved interim dividend payment to shareholders of THB 0.36 per share, equivalent to THB 180.00 million, which the Company already paid the dividend in December 2021. Nevertheless, the dividend will be deducted from retained earnings, which will also decrease total shareholders' equity in fourth quarter of 2021 (if deducting the interim dividend from total shareholders' equity as at 30 September 2021 instead, the total shareholders' equity will decrease to THB 749.61 million).

Significant Financial Ratios

Financial Ratios	Unit	For the year-ended 31 December 2020	For the nine-months period ended 30 September 2021
Earnings per share (Referring to par value of THB 1.00 per share ¹)	THB per share	0.17	0.34
Return on equity	%	8.40	22.82 ^{2, 3}
Return on asset	%	1.99	4.08 ²
Cash cycle	Day	(42.25)	(33.70)
Debt to equity ratio	Time	3.67	5.64 ³
Interest bearing debt to equity ratio	Time	1.29	1.73 ³

Note ¹ Adjusting par value to be THB 1.00 per shares for the historical value for comparable purpose with current par value and current calculation of earning per share

² Calculating by annualizing nine-months period ended 30 September 2021 for comparable purpose

³ By considering the declaration of interim dividend payment of THB 180.00 million as per the board of directors' meeting's approval on 15 November 2021, return on equity, debt to equity ratio and interest bearing debt to equity ratio are 25.09%, 6.99 times and 2.15 times, respectively

**A. Return on equity**

Return on equity for the year ended 31 December 2020 and for the nine-months period ended 30 September 2021 are 8.40% and 22.82% (annualized), respectively. The increase in return on equity was primarily due to the increase in annualized net profit for the nine-month period ended 30 September 2021 and decrease in shareholders' equity as at 30 September 2021 compared with 31 December 2020.

B. Return on asset

Return on asset for the year ended 31 December 2020 and for the nine-months period ended 30 September 2021 are 1.99% and 4.08% (annualized), respectively. The increase in return on asset was primarily due to the increase in annualized net profit for the nine-month period ended 30 September 2021 more than increase in total assets as at 30 September 2021 compared with 31 December 2020.

C. Cash cycle

Cash cycle for the year ended 31 December 2020 and for the nine-months period ended 30 September 2021 are (42.25) days and (33.70) days, respectively. The increase in cash cycle was primarily due to increase in receivables collection days from increase in trade receivables from higher project delivery during the end of the period. This was partially offset by increase in payable days.

D. Debt to equity ratio and Interest-bearing debt to equity ratio

As at 31 December 2020 and 30 September 2021, the Company Group had debt to equity ratio of 3.67 times and 5.64 times, respectively, interest-bearing debt to equity ratio of 1.29 times and 1.73 times, respectively. The increase in those ratios was primarily due to increase in short-term loans from financial institutions from the drawdown funding for various construction projects, advances received from project owners, which mainly from High-speed railway from Saraburi to Kaeng Khoi district project, and trade and other payables to both sub-contractors and suppliers. In addition, shareholders' equity also decreased as at 30 September 2021 compared to as at 31 December 2020, which mainly from the declaration of dividend payment of THB 300.00 million in March 2021.

Yours sincerely

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(Mr.Kowit Nuangsuk)

Chief Financial Officer