

Management Discussion and Analysis (“MD&A”)

The 2021 Operating Performance of

TRC Construction Public Company Limited and its Subsidiaries

Performance of the 4th quarter of 2021 & 2021 compare with 2020

Operating Results of the Company and its subsidiaries (Unit : Million Baht)	Q4	Q4	2021	2020	Change	
	2021	2020		Adjusted	Amount	%
Construction services income	615.09	1,087.24	3,819.47	3,344.07	475.40	12.45%
Cost of construction services	547.38	998.85	3,625.75	3,517.45	108.31	2.99%
Gross profit (loss) for construction services income	67.71	88.39	193.72	(173.37)	367.09	189.50%
Other service income	1.32	5.50	17.48	20.55	(3.06)	(17.53%)
Cost of other services	0.71	3.81	10.24	13.77	(3.53)	(34.44%)
Gross profit (loss) for other service income	0.61	1.69	7.24	6.78	0.46	6.39%
Sales income	7.66	7.51	8.40	7.51	0.88	10.53%
Cost of sales	7.56	6.37	8.16	6.37	1.79	21.93%
Gross profit (loss) for sales	0.10	1.14	0.23	1.14	(0.91)	(389.97%)
Interest and other income	12.20	12.76	42.91	50.11	(7.20)	(16.77%)
Administrative expenses	71.62	75.76	260.21	312.90	(52.69)	(20.25%)
Bad debt and doubtful debt	0.00	0.00	0.00	0.00	0.00	#DIV/0!
Profit (loss) from operating activities	8.99	28.21	(16.11)	(428.25)	412.14	(2558.56%)
Finance cost	(9.30)	(5.95)	(35.06)	(23.48)	(11.58)	33.02%
Share of profit (loss) from investments in joint venture	3.48	(0.51)	2.56	(2.85)	5.42	211.42%
Profit (loss) before income tax expenses	3.17	21.75	(48.61)	(454.58)	405.98	(835.23%)
Income tax income (expenses)	(1.51)	(12.92)	(10.69)	13.51	(24.20)	226.35%
Profit (loss) for the year	1.67	8.83	(59.30)	(441.07)	381.77	(268.45%)
Profit (loss) attributable to non-controlling interests of the subsidiaries	(0.54)	(0.46)	(1.91)	(2.94)	1.03	(53.88%)
Profit (loss) attributable to equity holders of the Company	2.20	9.29	(57.39)	(438.13)	380.74	(663.46%)
Earnings per share (Baht)			(0.0060)	(0.0457)		
Gross profit (loss) for construction services margin	11.01%	8.13%	5.07%	(5.18%)		
Gross profit (loss) for other service margin	45.97%	30.70%	41.43%	33.00%		
Gross profit (loss) for sales margin	1.27%	15.16%	2.77%	15.16%		
Net profit (loss) margin	0.35%	0.83%	(1.53%)	(12.89%)		

Summary of 2021 Operating Performance

1. **Construction services income** was 3,819.47 million Baht, increased by 475.40 million Baht from last year or representing at 14.22%. The Company had adjusted the former financial statements to record the construction services income in accordance with the Thai Financial Reporting Standard (TFRS 15 – Revenue from contracts with customers) resulted in the increase of the adjusted construction services income in 2020 for 226.20 million Baht, whereas the construction services income in 2021 had already been in accordance with TFRS 15.

The increase of the construction services income was the result of the completion and nearly finished of several construction projects on hand. In 2021, the Company had recorded mostly of the construction services income from the civil works for 2,204.95 million Baht and the piping works for 1,569.58 million Baht. The significant projects consisted of the

Raw Water Pipeline System Klong Luang Reservoir-Chonburi Project from Eastern Water Resources Development and Management Public Company Limited, the Civil and Structural Work Package for CFP Concurrent Work Project and the HDPE Pipeline Package for New Bang Phra Raw Water Line Project from Thai Oil Public Company Limited, the Lubricants Distribution Center Project from PTT Public Company Limited, the Construction of Highway No. 3304 Project from the Department of Highways and the Construction of Main Water Drainage System in Thung Song from the Department of Public Works and Town & Country Planning.

2. Other service income was 17.48 million Baht, decreased by 3.06 million Baht from last year or representing at 14.91%. Mainly income derived from the water selling to the industrial and community clients in Pluak Daeng district, Rayong of TRC Utility Company Limited (subsidiary) and the data analysis and platform management services through IoT system of Olive Technology Company Limited (subsidiary). The decrease of the other service income was a consequence of the share acquiring by new business partner in TRC Utility Company Limited in order to accommodate the future business expansion, result in the change of company status from the subsidiary to the affiliate.

3. Gross profit for construction services was 193.72 million Baht, representing the gross profit margin of 5.07%, increased from the last year operating performance which has the adjusted gross loss for construction services of 173.37 million Baht or representing at 211.73% due to the Company had revised the cost of construction for some projects and fully recorded the provision for such loss since last year, the record of revenue and cost for the construction services for this year contributed from the normal operating performance.

4. Administrative expenses and Finance cost were 260.21 and 35.06 million Baht respectively. The administrative expenses decreased by 52.69 million Baht from last year or representing at 16.84% due to the Company had implemented the new policy to record the salary and the relevant expenses of the employees who worked at the construction projects as the cost of such construction projects. The finance cost increased by 11.58 million Baht from last year or representing at 49.30% due to the increasing usage of overdraft and loans from banks as the working capital. As at 31 December 2021, the Company has overdraft and loans from banks of 796.62 million Baht, increased by 87.16 million Baht from last year or representing at 12.28% as a result of the increasing usage the credit facilities from the banks as the working capital for longer period from last year.

5. Net loss for the year was 59.30 million Baht, representing the net loss margin of 1.53% whereas the net loss for last year was 444.17 million Baht, representing the net loss margin of 12.89%. The Company still had the net loss operating performance though it has the gross profit from the construction services due to the fully record of the provision of liabilities for the performance guarantee and the liquidated damage of the construction project in the 1st quarter of 2021.

Finance Position (Unit:MB)	31 Dec 21	31 Dec 20	Inc. / (Dec.)	%
		Adjusted		
Current assets	3,243.64	2,790.52	453.12	0.16
Non-current assets	851.69	862.95	(11.25)	(1.30%)
Tptal assets	4,095.33	3,653.46	441.87	12.09%
Current liabilities	3,655.56	3,128.65	526.91	16.84%
Non-current liabilities	71.97	117.78	(45.81)	(38.89%)
Total liabilities	3,727.53	3,246.43	481.10	14.82%
Equity	367.80	407.03	(39.23)	(9.64%)
Liquidity ratio (Time)	0.89	0.89		
Debt to equity ratio (Time)	10.13	7.98		

6. Finance Position

Assets : As at 31 December 2021, the total assets was 4,095.33 million Baht, increased by 441.87 million Baht from last year or representing at 12.09%. The significant increase of assets were trade and other receivables and contract assets for 125.31 million Baht and 585.52 million Baht or representing at 44.23% and 34.47% respectively due to the award of new construction contracts and the increasing of revenue form construction services, whereas the significant decrease of assets was the advances paid to the subcontractors under construction contracts for 117.52 million Baht or representing at 23.58% as a consequence of the works delivery. Moreover, the withholding tax decreased by 104.05 million Baht or representing at 60.09% due to the receipt of the withholding tax from the Revenue Department.

Liabilities : The total liabilities was 3,727.53 million Baht, increased by 481.10 million Baht from last year or representing at 14.82%. The significant increase of liabilities was unbilled cost of works for 385.34 million Baht or representing at 84.80% due to the increase of the cost for construction services which awaiting for collection and the increase of overdraft and loans from banks as abovementioned in the Administrative expenses and Finance cost section. The liquidity ratio is 0.89 time which is the same as last year.

Equity : The equity was 367.80 million Baht, decreased by 39.23 million Baht from last year or representing at 9.64% due to the net loss operating performance, resulted in the increase of the debt to equity ratio from 7.98 time to 10.13 time.

Projects on hand

As of 31 December 2021, the Company and its subsidiaries had projects on hand with the remaining value of non-completion works as follows:

Company	No. of projects	Value (million Baht)
TRC Construction Public Company Limited	12	1,045.99
Sahakarnwisavakorn Company Limited	15	5,478.32
Joint Venture Sahahydro Pattaya	1	320.22
Total	28	6,844.53

Significant incidents during 2021 – present

- The shareholding structure of TRC Utility Company (Subsidiary) had been changed due to the share acquiring by new business partner, namely Planet Utility Company Limited, with the proportion of 49.99% of registered capital in order to accommodate the future business expansion. As a consequence, the status of the subsidiary had been changed to the affiliate.
- The Company and its subsidiaries had been awarded 8 new contracts in 2021 with total contract value of 1,472.70 million Baht.

The Company: 6 contracts for the value of 654.99 million Baht. The significant projects consisted of;

- High Total Dissolved Solids Wastewater Treatment Plant Project from PTT Public Company Limited. The project work value is 169.97 million Baht with 510 days construction period.

- BAPT 2 Combined Cycle Cogeneration Plant and BAPT 3 Combined Cycle Cogeneration Plant from B. Grimm Power (Anghong) 2 Limited and B. Grimm Power (Anghong) 3 Limited. The project work value of 31.63 million Baht and 123.17 million Baht, respectively, with 639 days constructions period.
- Fabrication and Installation of Fuel Tanks at Phetchaburi Tank Terminal from Pan Asia Storage and Terminal Co., Ltd. The project work value is 186.29 million Baht with 1-year constructions period.
- Fabrication and Installation of Fuel Tanks at Bangpakong Tank Terminal from Pan Storage and Service Co., Ltd. The project work value is 116.43 million Baht with 1-year constructions period.

Sahakarnwisavakorn Company Limited: 2 contracts for the value of 817.71million Baht. The significant projects consisted of;

- Highway No.4 Route Ban TamNang - Khok Khian Intersection, Section 1 from Department of Highways. The project work value is 653.23 million Baht with 840 days constructions period.
- Development of specific areas for tourism at Pranburi District and Sam Roi Yot District, Prachuap Khiri Khan Province from Department of Public Works and Town & Country Planning. The project work value is 164.48 million Baht with 840 days constructions period.



(Mr.Pasit Leesakul)

Director and Chief Executive Officer

22 February 2022