



CIVIL ENGINEERING PUBLIC COMPANY LIMITED

Management Discussion and Analysis (MD&A)

Of Consolidated Financial Statements

For the third quarter ended 30 September 2023

Executive Summary

| Unit : Million Baht | 3M | | Increase (Decrease) | 6M | | Increase (Decrease) |
|-------------------------------|------------------------|-------------------|------------------------|--------------------|--------------------|------------------------|
| | 3Q22 | 3Q23 | | 9M22 | 9M23 | |
| Revenue | 1,418 | 1,312 | (8%) | 4,629 | 3,930 | (15%) |
| Gross Profit (%) | 16 1.1% | 85 6.5% | 450% 5.4% | 284 6.1% | 308 7.8% | 8% 1.7% |
| Admin. Expenses (%) | 76 5.3% | 76 5.8% | 0% 0.4% | 246 5.3% | 219 5.6% | (11%) 0.3% |
| Net Profit (%) | (69) (-4.8%) | 6 0.5% | 109% 5.3% | 2 0.04% | 67 1.7% | 3,278% 1.7% |

Highlight

9M23 Net Profit: "Turnaround" Net profit increased by 65 MB, which represents a growth of more than 3,278%.

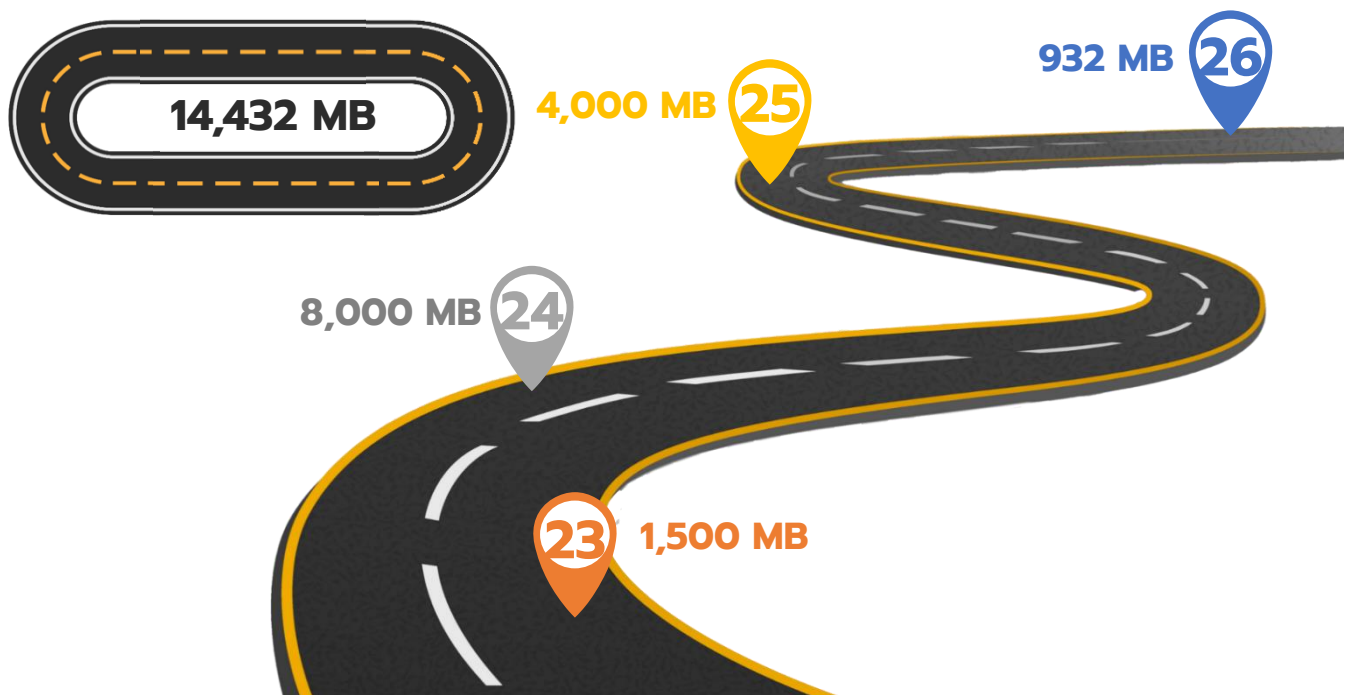
9M23 Gross Profit: "Reflecting current gross profit margin" gross profit margin increased from 6.1% to 7.8%, which reflects the gross profit margin from ongoing projects. In addition, the previous year was impacted by One-time cost adjustments.

9M23 Revenue: revenue decreased by 15%. The primary reason for this decline is the reduction in revenue from construction service especially the "Railway sector" which were during the preparation for officially delivery the whole project for the Bangkok-Nongkhai high-speed railway project contract 2-1 and the double-track railway construction project which was almost the end phase of construction work.

Remark: In the third quarter of 2022, there was an additional cost adjustment in amount 57 million baht from the indetermination of the construction scopes of the railway project.

Key Achievements 9M23:

- Backlog growing strongly:** The backlog remaining had value 14,432 MB and have awarded new construction projects that are waiting to sign the contract. These made the company had "strong backlog for the next 3 years", indicating the strength of the company's revenue. The company also has growth potential from new projects in the future.





- 2. Successfully completed 24 projects (within 9 months):** Total 24 projects delivered in 9 months, 13 projects were delivered in the third quarter, including significant medium and large-scale projects such as the Bangkok-Nongkhai high-speed railway project contract 2-1, and 2 road work projects from the Department of Highways, Additionally, there were 10 smaller-scale projects completed.
- 3. Strong cash flow:** There's a stronger in operating cash than last year, resulting in a net increase of 122 million baht. This increase stems from operational profits, enhanced work processes for more efficient issue resolution, ongoing pursuit of job opportunities leading to better receivables tracking, and advance payments receiving from hirers for new projects.
- 4. CIVIL achieves "Excellent" 5-Star CGR Rating:** In 2023, the company achieved an "Excellent" 5-star rating from the Corporate Governance Report (CGR) assessment for the year 2023. This assessment was conducted by the Stock Exchange of Thailand and the Thai Institute of Directors (IOD) to oversee and evaluate corporate governance practices of Thai listed companies.

Industry Outlook

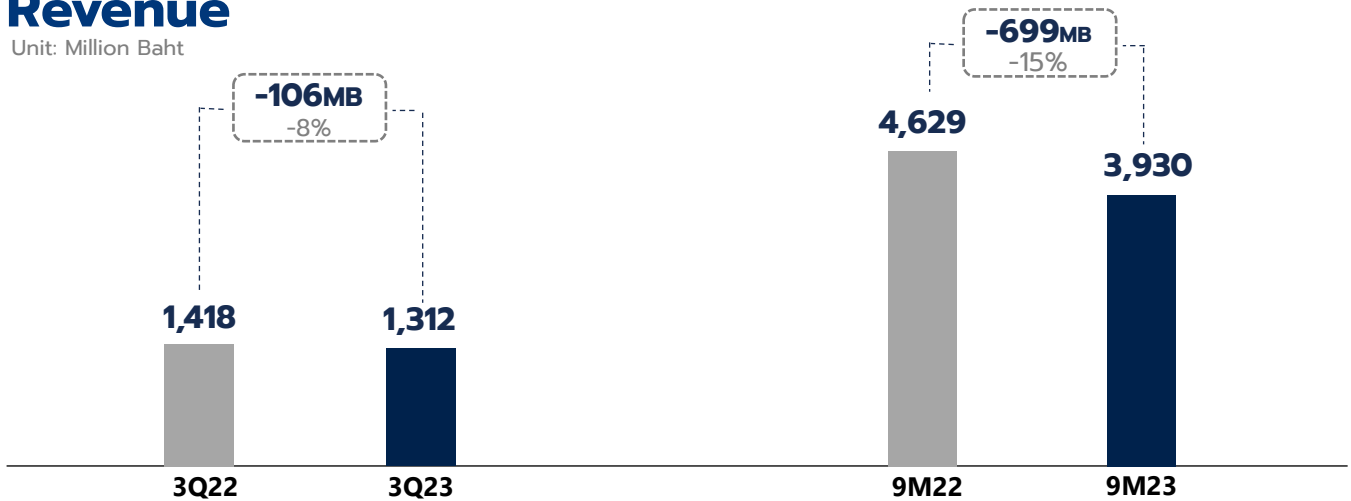
Current economic and political situation, there are some potential factors that affect the construction industry as follows:

- 1. Projects from the Public Sector:** The government establishment offers a distinct perspective on state investment and development. Some key projects that provide opportunities for companies to participate in bids include: Land Bridge project, double-track railways (new phase - Northeastern Line), high-speed railway (Phase 2), Chumphon Airport expansion, Chaloe Phra Kiat Expressway, Don Mueang Tollway (Rang sit to Bang Pa-In), Department of Highways projects - Bang Khun Thian to Bang Bua Thong (Outer Ring Road), and Road connecting U-Tapao Airport, etc.
- 2. Labor Market Situation:** The government has maintained the minimum wage and is not planning to raise it to 400 THB within this year or next year. It is possible that only selected provinces may increase the minimum wage to 400 THB. This provides a clear framework for labor costs management across industries.
- 3. Construction Material Cost Stability:** The volatility in construction materials like steel and concrete has started showing less fluctuation compared to previous years. However, due to the ongoing war situation, there might still be risks of volatility.
- 4. Economic Uncertainty:** Economic conditions remain uncertain due to ongoing conflicts in Israel-Hamas and the persisting tension between Russia-Ukraine, which could potentially impact the overall economic environment.

However, the company is planning to participate in government project tenders according to the investment budget plan of public sector for the fiscal year 2024. Additionally, there's ongoing progress in enhancing operational efficiency by incorporating various technologies and systems for project monitoring and swift issue resolution, aiming for more efficient cost and expenditure management.

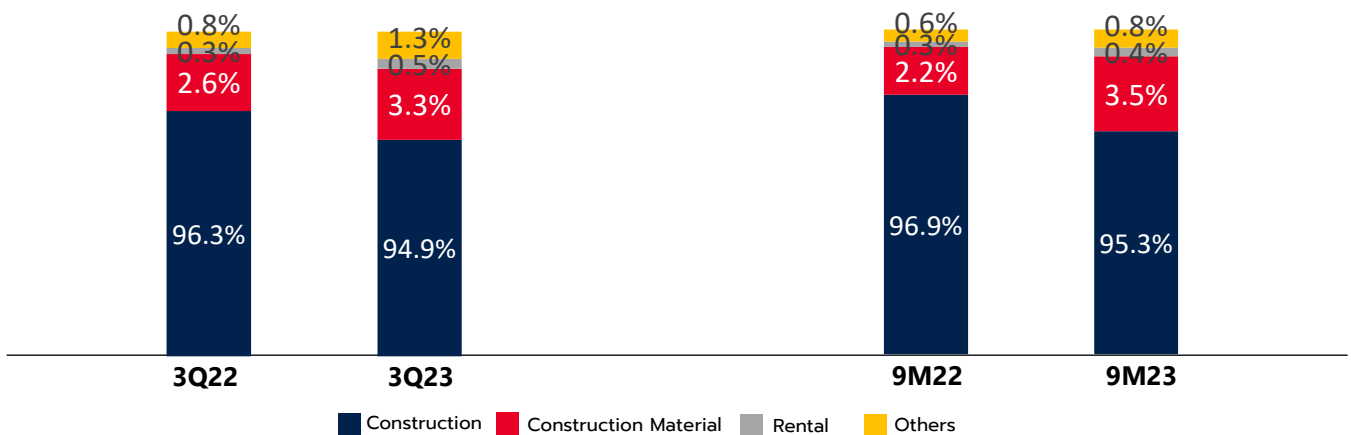
Revenue

Unit: Million Baht



| 3M | 9M |
|--|---|
| <p>3Q23 Revenue was 1,312 MB or decreased 8% YoY mainly due to decreasing in revenue from construction services in the "Railway sector", these are large-scale projects that are in the end phase of the double-track railway project and the Bangkok-Nongkhai high-speed railway project (contract 2-1).</p> | <p>9M23 Revenue was 3,930 MB or decreased 15% YoY mainly due to decreasing in revenue from "Railway sector" but increased in "Road work sector". However, the Company has strong backlog to cover future revenue for the next 3 years.</p> |

Revenue by sales proportion



| 3M | 9M |
|--|---|
| <p>Revenue from construction service (94.9% of Total revenue)</p> <p>3Q23 Revenue from construction service was 1,246 MB, decreased 120 MB or -9% YoY mainly came from "Railway sector" due to "the Bangkok-Nongkhai high-speed railway project (contract 2 - 1)" and "the double-track railway project Chumphon. These projects are currently in the delivery phase. Additionally, the road work sector, as several projects have already been completed. However, it's anticipated that the new projects will gradually start recognizing revenue in 4Q23.</p> | <p>Revenue from construction service (95.3% of Total revenue)</p> <p>9M23 Revenue from construction service was 3,745 MB, decreased 745 MB or -17% YoY mainly due to "Railway sector" while there is an increased proportion of revenue coming from the "Drainage system sector".</p> |

Revenue from construction materials

(3.3% of Total revenue)

3Q23 Revenue from construction material was 43 MB, increased 6 MB or +15% YoY mainly according to "Sales of Limestone Product" which started operations at the end of 2Q22.

Revenue from rental

(0.5% of Total revenue)

3Q23 Revenue from rental was 6 MB, increased 2 MB or +52% YoY mainly according to revenue from machinery rental that had a higher profit margin than office rental.

Other Income

(1.3% of Total revenue)

3Q23 Other income was 17 MB, increased 6 MB or +55% YoY due to the sale of unused assets and scrap sales.

Revenue from construction materials

(3.5% of Total revenue)

9M23 Revenue from construction material was 136 MB, increased 35 MB or +34% YoY mainly according to "Sales of Limestone Product" that continuously recognizes the revenue.

Revenue from rental

(0.4% of Total revenue)

9M23 Revenue from rental was 15 MB, increased 3 MB or +28% YoY mainly according to revenue from machinery rental and office rental.

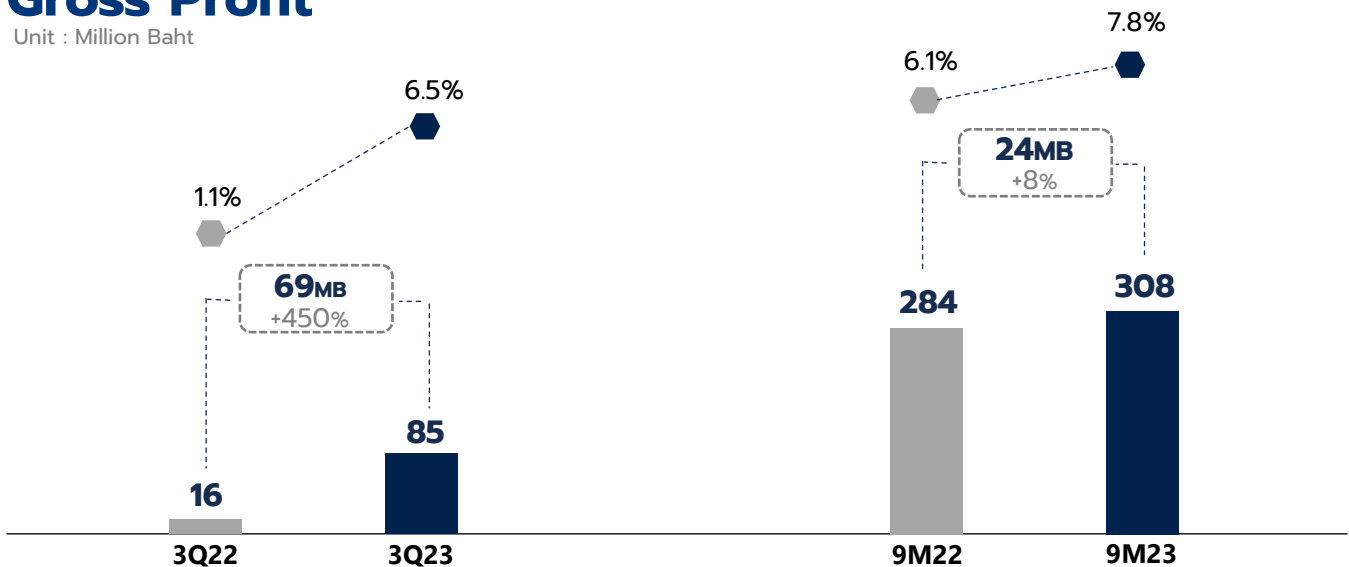
Other Income

(0.8% of Total revenue)

9M23 Other income was 33 MB, increased 7 MB or +29% YoY due to the sale of unused assets and scrap sales.

Gross Profit

Unit : Million Baht



3M

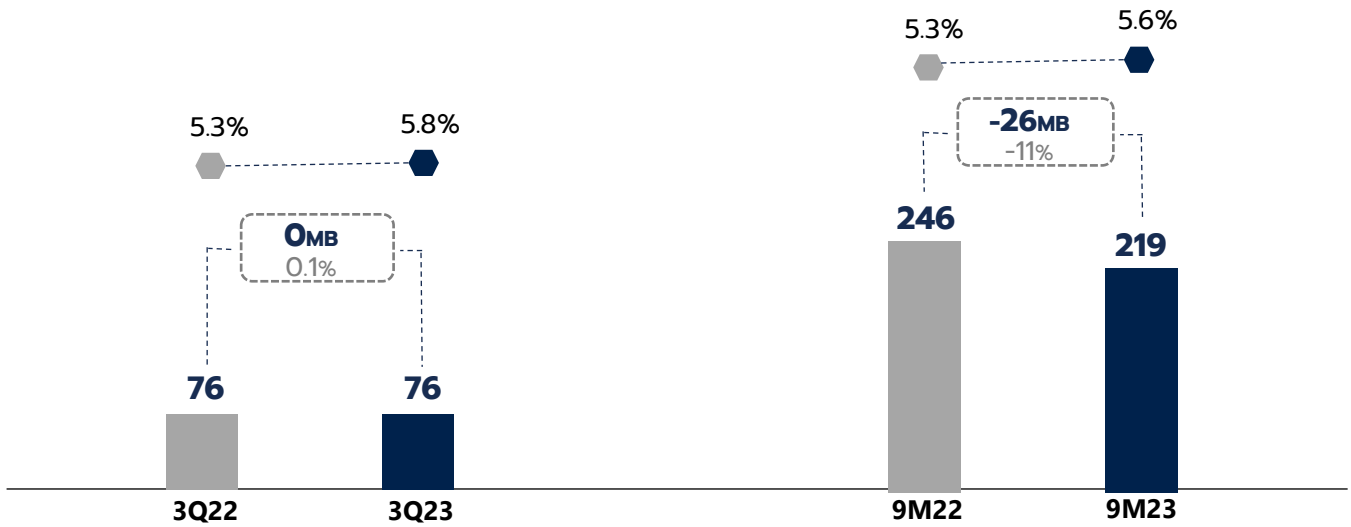
3Q23 Gross Profit was 85 MB, increased 69 MB or +450% due to in 3Q22 had one-time cost adjustments from the interpretation of construction scope, but in 3Q23, there was an increasing in gross profit from other businesses which were comprising of the sale of construction materials, rental business, and other income.

9M

9M23 Gross Profit was 308 MB, increased 24 MB or +8% Despite a 15% decrease in revenue, the gross profit was higher than the previous year. The primary due to the increase in revenue from the sale of construction materials, the rental business, and other income. While in 3Q22, there had been impacted from one-time cost adjustment due to the interpretation of the construction scope.

Administrative Expenses

Unit : Million Baht

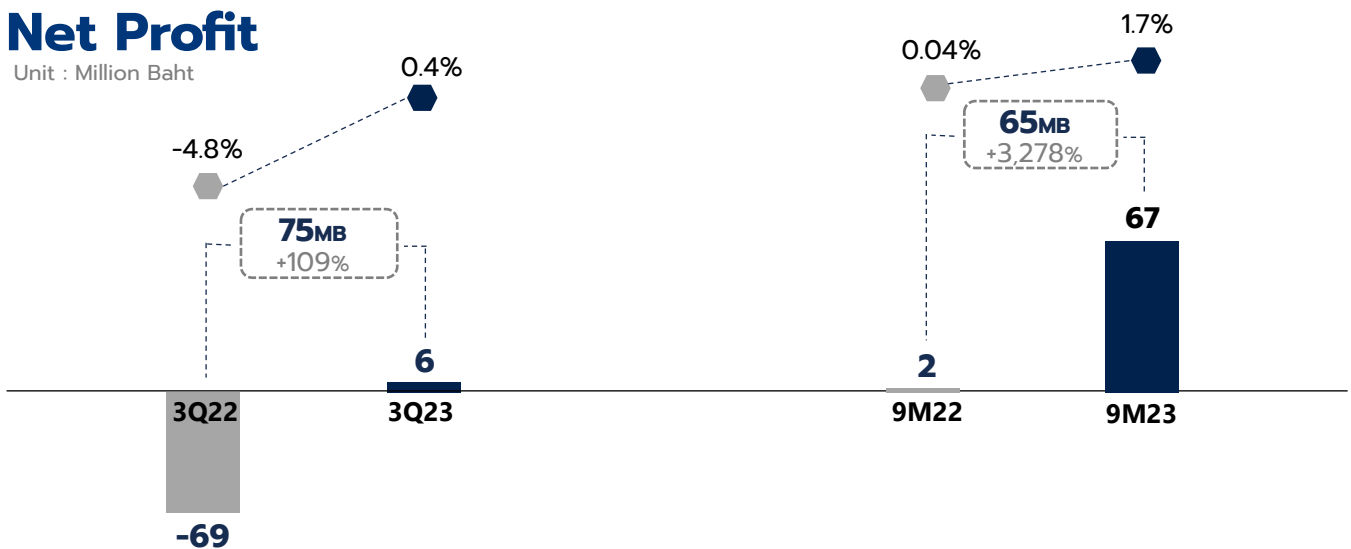


3M
3Q23 Administrative expenses remained the same as the previous year at 76 MB. according to efficient asset management. However, the administrative expenses rate compared to total revenue increased from 5.3% to 5.8% due to a decrease in total revenue in 3Q23.

9M
9M23 Administrative expenses was 219 MB, decreased 26 MB or -11% according to attributed to efficient asset management. Even though the administrative expenses rate compared to total revenue increased from 5.3% to 5.6% due to a decrease in total revenue this year.

Net Profit

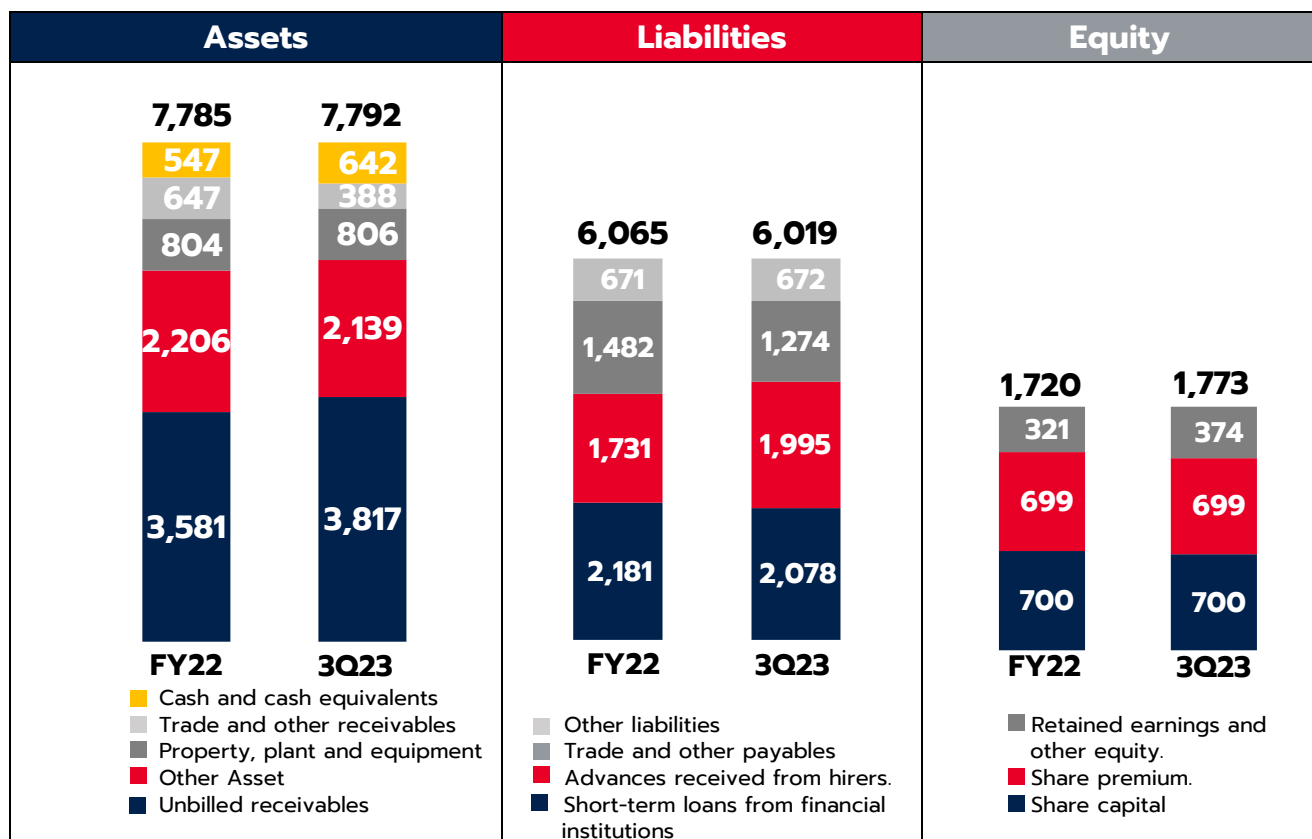
Unit : Million Baht



3M
3Q23 Net Profit was 6 MB, increased 75 MB or +109% due to in 3Q22 had one-time cost adjustments from the interpretation of construction scope, but in 3Q23, there was an increasing in gross profit from other businesses which were comprising of the sale of construction materials, rental business, and other income.

9M
9M23 Net Profit was 67 MB, increased 65 MB or +3,278% the increasing in revenue mainly came from other businesses, which includes the sale of construction materials, rental business, and other income, along with reduced Admin. expenses.

Statement of Financial Position



Financial Information

⚙️ Assets

The Company have total assets of 7,792 MB, increasing of 7 MB or +0.1% from the end of the previous year. These increases were from unbilled receivables of 236 MB, Cash and cash equivalents and including Restricted bank deposits of 126 MB and advance payment to contractors and deposit for purchases of goods of 90 MB. The decreases were from trade receivables from collection of 259 MB and financial assets (mutual fund) 251 MB for investing in machinery and for business working capital.

⚙️ Liabilities

The Company have debt of 6,019 MB, decreasing of 46 MB or -0.8% from the end of the previous year. The decreases were from short-term loans from financial institutions of 103 MB and trade and other payables of 207 MB. The increase was from advance received from hirers of 265 MB.

⚙️ Equity

The Company have shareholders' equity of 1,773 MB, increasing of 53 MB from the end of the previous year, or an increase of 3.1% from operating results, net profit for the first 9 months of 67 MB, net of dividends paid to shareholders of 14 MB.

⚙️ Cash Flow

The Company have net cashflow increased by 95 MB, increasing from operating activities by 122 MB and from investing activities by 156 MB due to selling financial asset (mutual fund) that used for investing in machinery and for working capital. However, net cashflow used in financing activities by 184 MB for repayment short-term loan from financial institutions and payment of lease liabilities.

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