



# CIVIL ENGINEERING PUBLIC COMPANY LIMITED

## Management Discussion and Analysis (MD&A)

4Q23 & FY23





## Executive Summary

Unit: Million Baht	3M		Increase (Decrease)	FY		Increase (Decrease)
	4Q22	FY23		FY22	FY23	
Revenue	1,466	1,005	(31%)	6,095	4,935	(19%)
Gross Profit (%)	119 8.1%	108 10.7%	(10%) 2.6%	403 6.6%	416 8.4%	3% 1.8%
Admin. Expenses (%)	71 4.8%	80 7.9%	12% 3.1%	316 5.2%	299 6.1%	(6%) 0.3%
Net Profit (%)	63 4.3%	27 2.7%	(57%) (1.6%)	65 1.1%	94 1.9%	46% 0.8%

### Highlight

**Net Profit:** For 2023, "Recovered from New Projects, New Costs, New Partners" net profit increased by 29 million baht, representing a growth of 46%, even though revenue declined by 19%.

**Gross Profit:** For 2023, "Reflected efficiency in cost management", with an increase from 6.6% to 8.4% in 2022, impacted by one-time cost adjustments, and in 2023 cost savings from the projects completed during the year. This reflects gross profit margin from mixed of the project size both small and large.

**Revenue:** For 2023, there was a 19% decrease primarily due to a reduction in revenue from large-scale construction projects, especially elevation works, which were delayed due to stricter safety measures and delays in receiving work areas according to plan.

## Key Achievements 2023

- 1. Continuous growth in Backlog:** New projects acquired throughout the year amounted to over 7,300 million Baht, with the current backlog have signed amount over 13,800 million Baht, Additionally, there are several projects in the backlog pending signature, ensuring the company has enough backlog to "recognize revenue for at least the next 3 years" This demonstrates the strength in revenue generation and the potential for further growth from new projects in the future.
- 2. Successfully completed 28 Projects:** Out of a total of 28 projects delivered in 2023, 4 projects were delivered in 4Q23. The company acquired small-scale projects that could be executed and delivered quickly, resulting in prompt payments. These projects also had a higher profit margin compared to larger projects.
- 3. Strong Cash Flow:** The cash flow from operations remained positive, mainly due to effective debt management and the continuous acquisition of new projects. This allowed for flexible cash flow management and maintained the ability to repay debts on schedule.
- 4. CIVIL Achieves "Excellent" 5-Star CGR Rating:** In 2023, the company achieved an "Excellent 5-star rating from the Thai Corporate Governance Report (CGR) assessment for the year 2023, which 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.
- 5. Initiation of the "OTOI" Project:** The One Team One Innovation (OTOI) project was established to encourage various units within the company to innovate and improve work processes and systems. The adoption of LEAN principles aims to enhance work efficiency.



## Industry Outlook 2024

The current economic and political situation affects the industry as follows:

- 1. Construction industry is expected to expand by 1.4 trillion Baht in 2024** SCB EIC analysts anticipate the construction industry will grow by 2% or 1.4 trillion Baht, with government sector projects accounting for 810 billion Baht and the private sector for 590 billion Baht.
- 2. Opportunities in large projects** are clear due to the government's definite direction in investment and national development. Key projects to participate to bid include: the new phase of the double-track railway (Northeastern line), high-speed railway (Phase 2), Chumphon Airport, Nakhon Si Thammarat Airport (expansion), Don Mueang Tollway (Rangsit to Bang Pa-in extension), elevated highway projects by the Department of Highways from Bang Khun Thian to Bang Bua Thong (Outer Ring Road), and the road connecting to U-Tapao Airport.
- 3. Wage rates remain a point of attention** as the government has started to increase the minimum wage nationwide by 2-16 Baht for the new year 2024, with another adjustment planned for March. The situation requires close monitoring.
- 4. Construction material costs stabilize**, although the construction material price index began to show less volatility in January 2024 (down 1% YoY), particularly for steel. However, due to the prolonged war situation, there could be a risk of volatility.
- 5. Economic conditions remain uncertain** due to the war situation and the global economic slowdown, which could inevitably affect Thailand's overall economy.

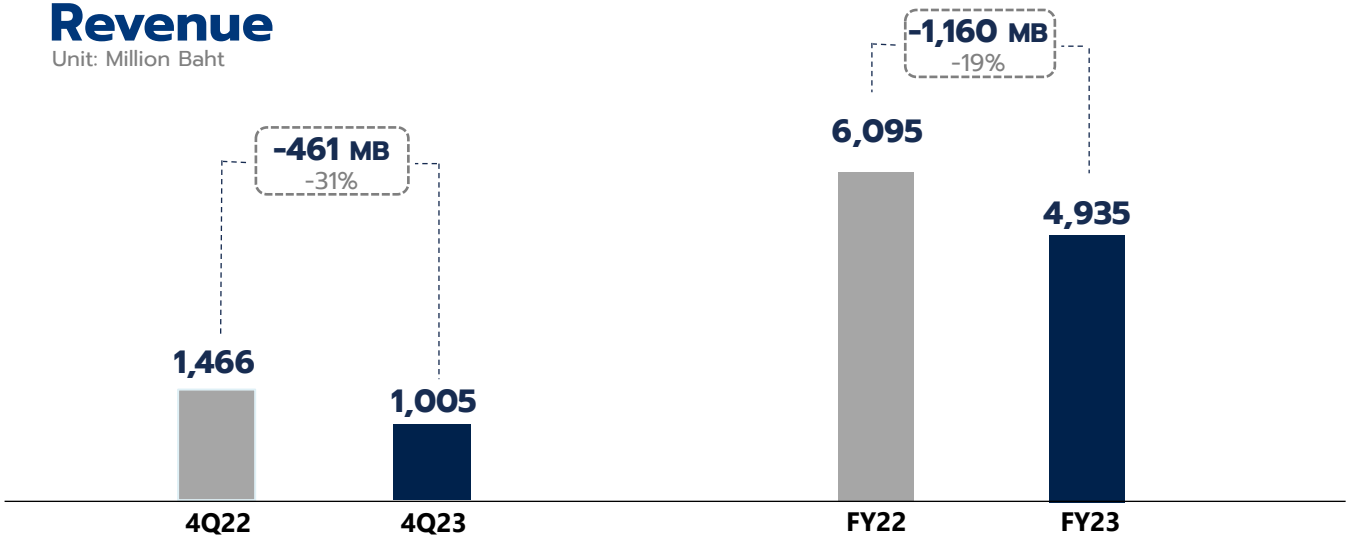


However, the company is planning to participate in government project tenders according to the investment budget plan of public sector for the fiscal year 2024. Additionally, there's ongoing progress in enhancing operational efficiency by incorporating various technologies and systems for project monitoring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

## Financial Performance

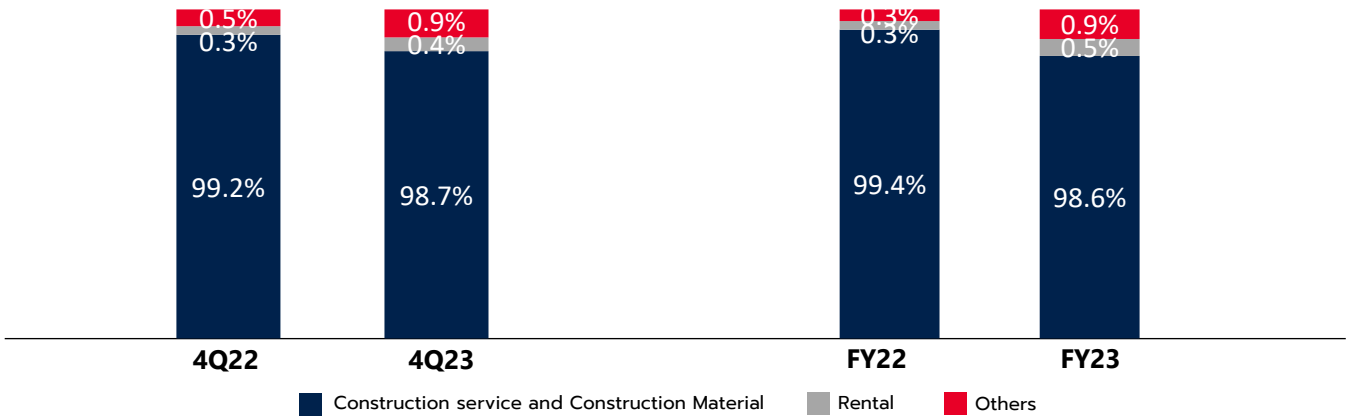
### Revenue

Unit: Million Baht



3M	FY
<p><b>Total revenue for 4Q23 amounted to 1,005 million Baht, decreasing by 31% YoY.</b> The decline was attributed to a reduction in construction revenue, particularly in the railway and roadwork sectors. The impact was due to delays in receiving work areas and stricter safety measures affecting the original construction plans.</p>	<p><b>Total revenue for the year 2023 amounted to 4,935 million Baht, a decrease of 19% YoY.</b> The main cause was an accident in another construction project, leading the government to implement stricter safety measures. This affected the timeline, causing delays in project commencements. However, the company was able to proceed with the plan for other construction works that were not of the elevation type.</p>

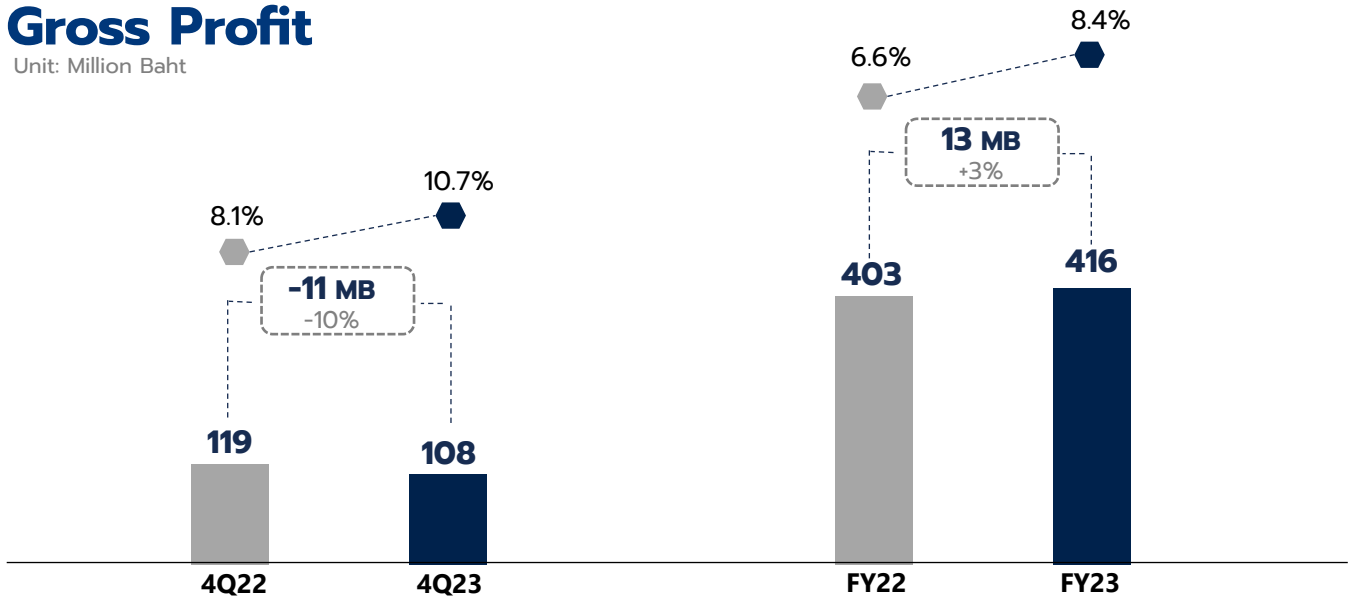
### Revenue by sales proportion



3M	FY
<p><b>Revenue from construction service and construction materials</b> (98.7% of Total revenue)</p> <p>4Q23 Revenue from construction service and construction material was 991 million Baht, decreased 466 million Baht or -32% YoY due to the concluding phases of the "High-Speed Rail project between Sikhiu and Kut-Chik (Contract 2-1)" and the "Dual-Track Railway project in Chumphon," where most of the revenue had already been recognized. Additionally, the implementation of stricter safety measures, especially in elevation-type works, impacted the project timelines, causing delays beyond the planned schedule.</p>	<p><b>Revenue from construction service and construction materials</b> (98.6% of Total revenue)</p> <p>FY23 Revenue from construction service and construction material was 4,872 million Baht, decreased 1,176 million Baht or -19% YoY. The primary reasons were issues with receiving work areas for large projects not going according to plan and the implementation of stricter safety measures, which impacted on the work schedule. However, the company was still able to proceed with other projects, especially new projects acquired during the year, according to plan, particularly the drainage system work.</p>
<p><b>Revenue from rental</b> (0.4% of Total revenue)</p> <p>4Q23 Revenue from rental was 5 million Baht, increased 1 million Baht or +33% YoY. The main reason for this increase was attributed to an increase in rental revenue from machinery rental to external parties, which had higher gross profit margins than building rental.</p>	<p><b>Revenue from rental</b> (0.5% of Total revenue)</p> <p>FY23 Revenue from rental was 21 million Baht, increased 5 million Baht or +29% YoY. The increase was attributed to revenue from machinery rental, which had higher gross profit margins than building rentals. Additionally, there was an adjustment to increase rental fees according to the terms of contracts made with customers.</p>
<p><b>Revenue from others</b> (0.9% of Total revenue)</p> <p>4Q23 Revenue from others was 9 million Baht, increased 4 million Baht or +76% YoY. This increase was due to the sale of construction scrap materials.</p>	<p><b>Revenue from others</b> (0.9% of Total revenue)</p> <p>FY23 Revenue from others was 42 million Baht, increased 11 million Baht or +36% YoY. The increase was due to income from machinery rental, which had a higher gross profit margin than building rental. The increase in rental revenue was from rental rate adjustment in accordance with the terms of contracts made with customers.</p>

## Gross Profit

Unit: Million Baht


**3M**

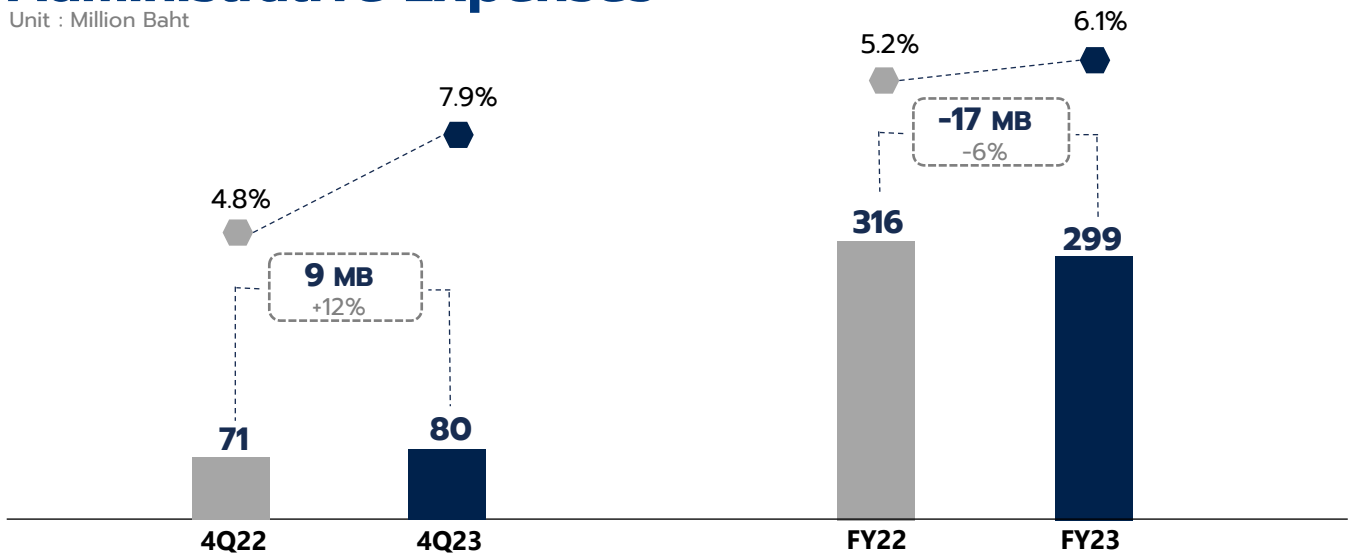
Gross profit for 4Q23 was 108 MB, a decrease of 11 MB from YoY or 10% due to new projects, new costs and new partners associated with increased work progress. This was facilitated by a team of skilled contractors equipped with machinery and tools, resulting in better cost management for the new projects.

**FY**

The gross profit for the year 2023 amounted to 416 MB, increasing by 13 MB or 3%. Although there was a decrease in revenue, the gross profit improved due to new projects acquired during the year. Small projects, which were easily managed project and had a better profit margin than to larger projects. In contrast, the year 2022 experienced an impact from a one-time adjustment in the cost estimation for railway projects during the third quarter.

## Administrative Expenses

Unit : Million Baht


**3M**

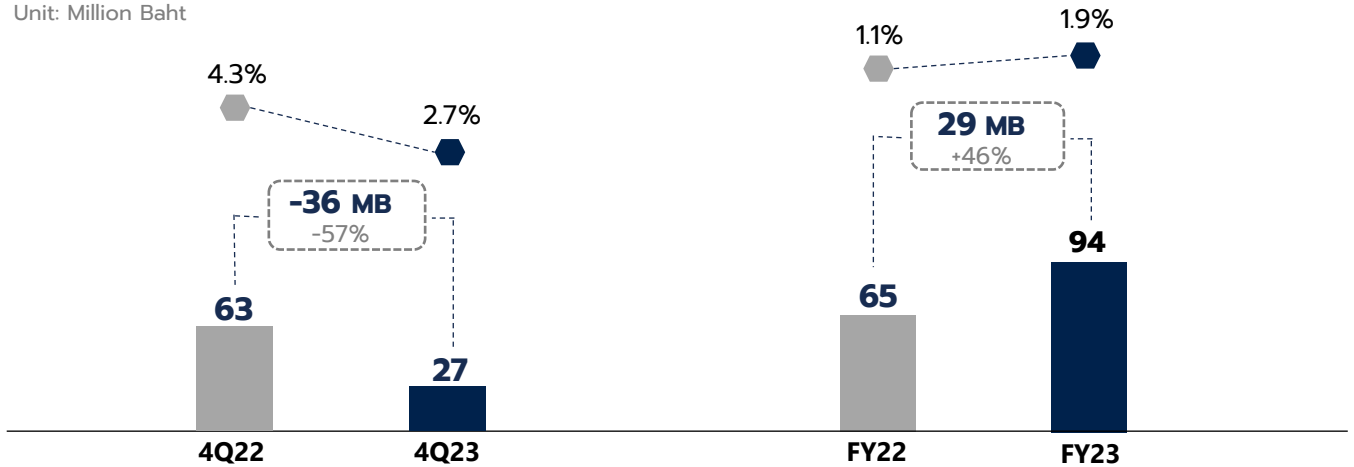
The administration expenses for 4Q23 amounted to 80 million Baht, increasing by 9 million Baht or 12% YoY. This increase was due to increase in manpower to support the expansion of business structures and to enhance operational efficiency.

**FY**

The administration expenses for 2023 amounted to 299 million Baht, decreasing by 17 million Baht or 6% YoY. Despite an increase in manpower rates, the company managed its assets more efficiently, especially in the group of machinery for construction work. This, combined with some machinery having fully depreciated but still being in good working condition, led to an overall decrease in depreciation costs, resulting in lower administrative expenses for the year 2023.

## Net Profit

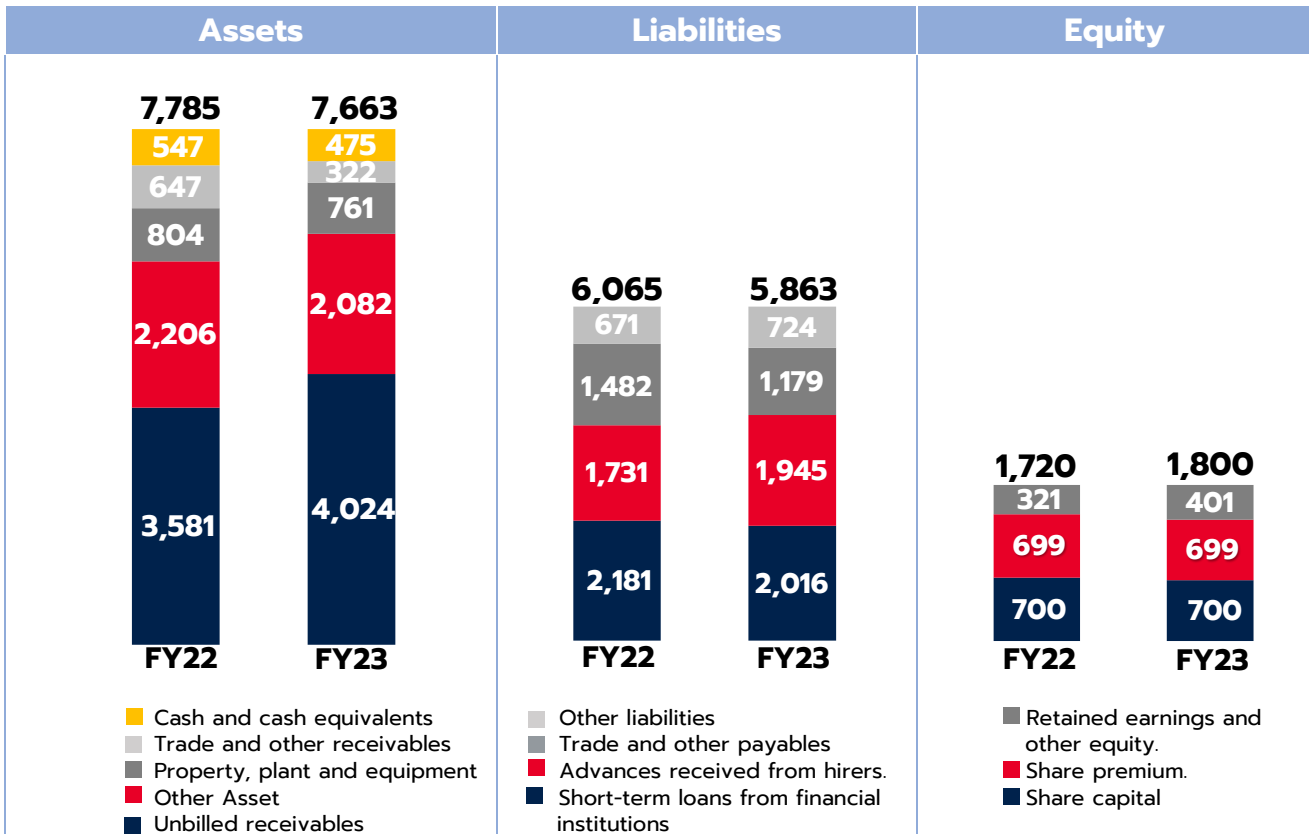
Unit: Million Baht



3M	FY
<p><b>Net profit for 4Q23 amounted to 27 million Baht, decreasing by 36 million Baht or 57% YoY.</b> The main reason is that in 2022, the company recognized tax benefits that recognized in 4Q22, resulting in a higher than usual net profit for the 4Q22. While the net profit for the 4Q23 decreased due to reduced construction service revenue, the company was still able to recognize normal profits from new construction projects and small projects. Coupled with profits from the sale of scrap materials, the company achieved a net profit of 27 million Baht in 4Q23.</p>	<p><b>Net profit for the year 2023 was 94 million Baht, increasing by 29 million Baht or 46% YoY.</b> Despite the construction service business being affected by delays in receiving work areas and the intensity of safety measures. However, new projects were able to proceed as planned, reflecting new prices and costs. Combined with profits from the construction materials sales business, the full-year operation of the limestone business, rental business, and revenue from the sale of scrap materials, the net profit increased. The net profit margin increased from 1.1% to 1.9%, while the year 2022 was impacted by the one-time cost adjustment for the railway project.</p>

# Statement of Financial Position

Unit: Million Baht



## Financial Information

### Assets

The Company have total assets of 7,663 million Baht, decreasing of 122 million Baht or 1.6% YoY. This decrease was due to a reduction in trade receivables from payments received amounting to 326 million Baht, from cash and cash equivalents by 73 million Baht, and from financial assets (open-end debt funds) by 251 million Baht. Conversely, there was an increase from uncollected revenue of 443 million Baht and from other non-current assets (withheld corporate income tax pending refund) by 65 million Baht.

### Liabilities

The Company have total liabilities of 5,863 million Baht, decreasing of 202 million Baht or 3.3% YoY. This decrease was due to a reduction in trade payables by 303 million Baht and short-term loans from financial institutions by 165 million Baht. Conversely, there was an increase from advance payments received from clients by 214 million Baht.

### Equity

The Company's shareholders' equity of 1,800 million Baht, increasing of 80 million Baht or 4.6% YoY, resulting from a net profit of 94 million Baht for the year, net of dividends paid to shareholders of 14 million Baht.

### Cash Flow

The Company have net cashflow decreased by 73 million Baht, increasing from operating activities by 122 million Baht, resulting from cash generated from operating profits of 322 million Baht, and from investing activities of 175 million Baht from the sale of open-end funds to invest in machinery and other fixed assets. However, net cash was used in financing activities amounting to 259 million Baht, from repaying short-term loans from financial institutions and payments of lease liabilities.



## Head Office

📍 68/12 CEC Building, 7th Fl. Kampaengpet 6 rd. Ladyao, Jatujak, Bangkok, 10900 Thailand

☎ 0-2589-8888-9

📠 0-2589-8886-7

✉ [info@civilengineering.co.th](mailto:info@civilengineering.co.th)



For inquiries related to the Investor Relation, please contact;

[ir@civilengineering.co.th](mailto:ir@civilengineering.co.th)