



# CIVIL ENGINEERING PUBLIC COMPANY LIMITED

## Management Discussion and Analysis (MD&A)

For the first quarter ended 31 Mar 2024

**MD & A**  
**1Q24**

# Executive Summary



Unit: Million Baht	1Q23	1Q24	Increase (Decrease)	% Increase/ (Decrease)
Revenue	1,447	1,030	(417)	(29%)
Gross Profit	134	109	(25)	(19%)
Gross Profit Margin (%)	9.3%	10.6%	1.3%	
Admin. Expenses	70	75	5	8%
(%)	4.8%	7.3%	2.5%	
Net Profit	48	25	(23)	(48%)
Net Profit Margin (%)	3.3%	2.4%	(0.9%)	

## Highlight

**Gross Profit:** For 1Q24, gross profit margin increased from 9.3% to 10.6% or +1.3% due to cost savings from small-scale projects and increased revenue compensation from Escalator factor (K) of railway project and dam and reservoir project.

**Revenue:** For 1Q24, revenue decreased by 29% to 1,030 million Baht. The main reason for this decline was the decrease in the construction revenue, particularly in the railway sector, that represented the stage of work which require the longer time to recognize revenue and awaiting new bidding opportunities for the road works sector.

**Net Profit:** For 1Q24, Net profit decreased by 48% to 25 million Baht. The main reason for the decreasing in construction revenue.

## Industry Outlook 2024

- The construction industry for the years 2024-2026. There is a trend of growth in overall construction investment value, expected to expand by 3.0-4.0% annually.** Specifically, state-sector construction is projected to grow by 3.5-4.0% per year, driven by investment in large-scale state projects. Meanwhile, private sector construction, both residential and commercial real estate, is gradually recovering, with an expected expansion of 3.0-3.5% following improved purchasing power (Reference from KrungSri Research Center).
- Opportunities in large-scale projects.** Clear investment and national development directions from the government sector present significant opportunities for company to participate in bidding for major projects, including: 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.
- Labor costs are increasing according to government policy.** On May 1, 2024, the national minimum wage is declared to be 400 baht per day that will be affected in October 2024, and in the year 2027, it will be raised to 600 baht.
- Construction material costs stabilize.** The construction material price index for March 2024 was 112.2 compared to March 2023 (YoY), a decrease of 1.2%. The main reason is due to the categories of steel and steel products, which are still priced lower than the previous year. This is a result of the ongoing property crisis in China, leading to a surplus of steel supply.
- Economic conditions remain uncertain.** Due to the war situation and the global economic slowdown, which could inevitably affect Thailand's overall economy.

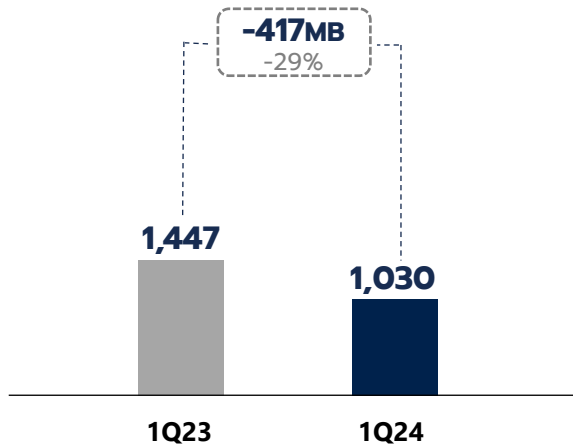


However, the company is planning to participate in government project tenders according to the investment budget plan of public sector for the fiscal year 2024. Additionally, there's ongoing progress in enhancing operational efficiency by incorporating various technologies and systems for project monitoring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

# Financial Performance

## Revenue

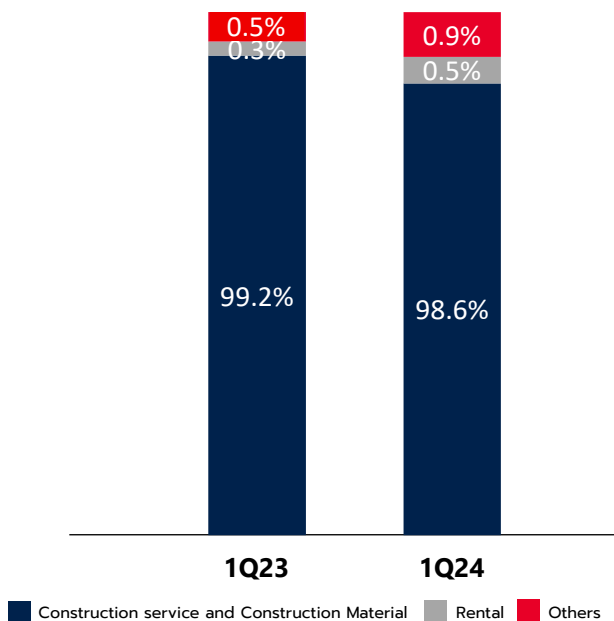
Unit: Million Baht



Total revenue for 1Q24 amounted to 1,030 million Baht, decreasing by 29% YoY.

The decline was attributed to a reduction in construction revenue, particularly in the railway and roadwork sectors. The impact was due to the progress of large-scale construction projects, which are in a phase requiring a longer time to complete before revenue recognition, as well as the intensity of safety measures impacting work duration.

## Revenue by sales proportion



### ■ Revenue from construction service and Construction materials

(98.6% of Total revenue )

1Q24 Revenue from construction service and construction material was 1,016 million Baht, decreased 419 million Baht or -29% YoY. due to the decrease in revenue from construction service, particularly the railway sector and the roadwork sector, and a reduction in revenue from limestone sales due to gaps in new contract acquisitions.

### ■ Revenue from rental

(0.5% of Total revenue )

1Q24 Revenue from rental was 5 million Baht, increased 1 million Baht or +33% YoY. The main reason is due to rental revenue from machinery and land to external parties.

### ■ Revenue from others

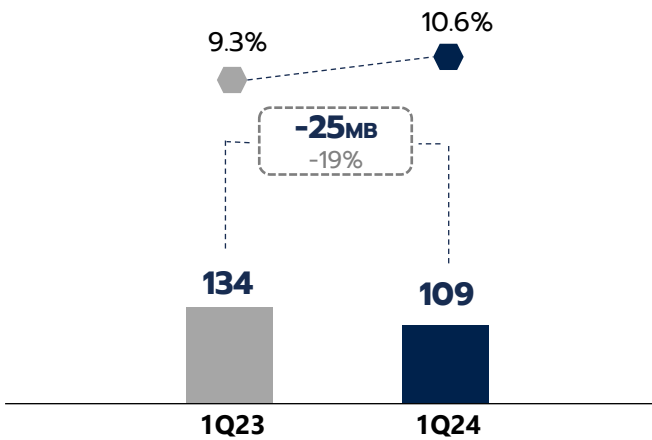
(0.9% of Total revenue )

1Q24 Revenue from others was 9 million Baht, increased 1 million Baht or +9% YoY. This increase was due to the sale of construction scrap materials.

## Gross Profit

Unit: Million Baht

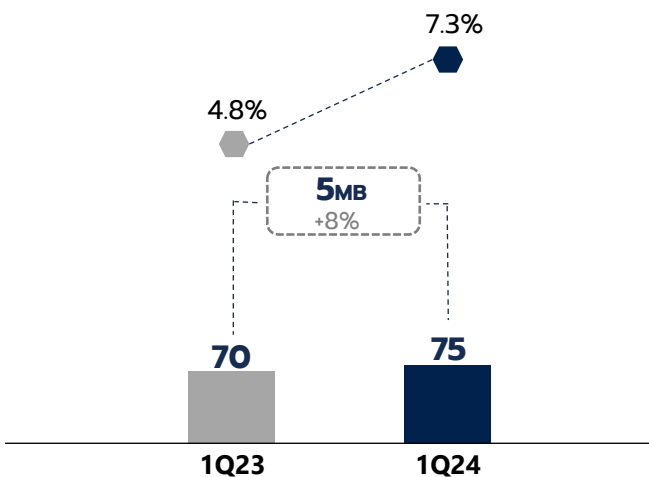
Remark: Included other income



The gross profit for 1Q24 amounted to 109 million Baht, decreasing by 25 million Baht or -19% but the gross profit margin increasing by 1.3% due to cost savings from small-scale projects and increased revenue compensation from Escalator factor (K) of railway project and dam and reservoir project.

## Administrative Expenses

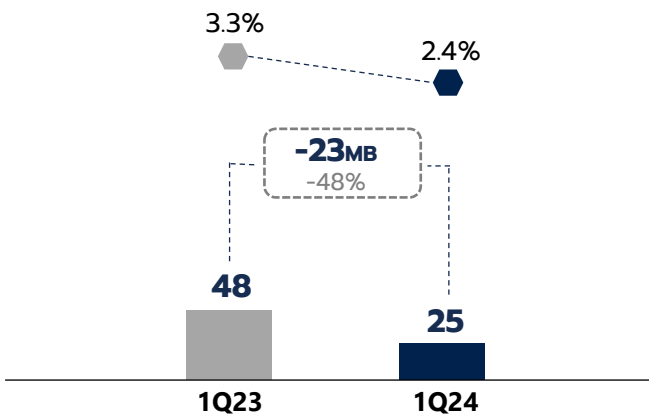
Unit: Million Baht



The administration expenses for 1Q24 amounted to 75 million Baht, increasing by 5 million Baht or +8% YoY. The reason for increasing was the expenses incurred to support new business structures according to the business plan and to enhance operational efficiency within the group of companies.

## Net Profit

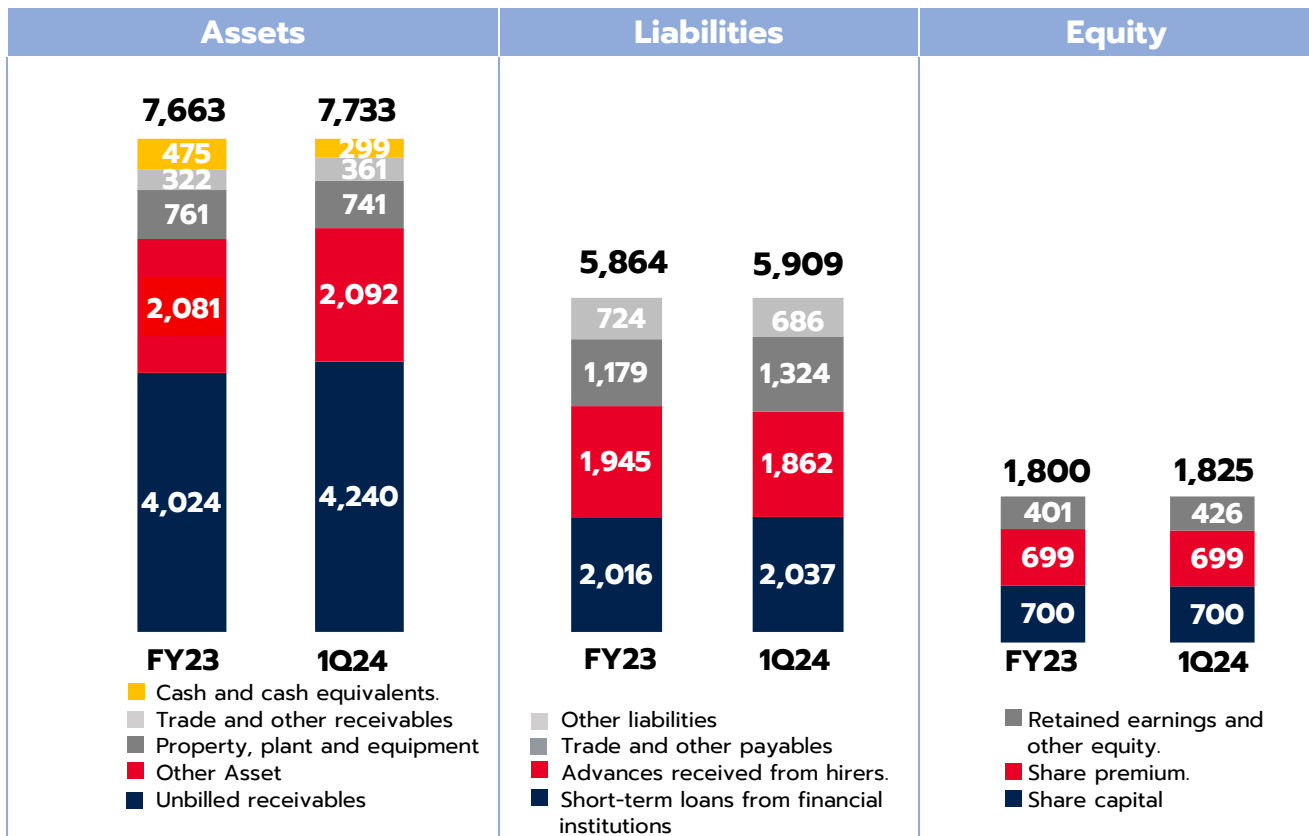
Unit: Million Baht



Net profit for 1Q24 was 25 million Baht, decreasing by 23 million Baht or -48% YoY. The main reason is the decreasing of construction revenue.

# Statement of Financial Position

Unit: Million Baht



## Financial Information

### Assets

The Company have total assets of 7,733 million Baht, increasing of 70 million Baht or +1% YoY. This increase was due to unbilled receivables 216 million Baht and restricted bank deposits 59 million Baht and decreased from cash and cash equivalents 176 million Baht and retention receivables 45 million Baht.

### Liabilities

The Company have total liabilities of 5,909 million Baht, increasing of 45 million Baht or +1% YoY. This increase was due to trade and other payables 145 million Baht, short-term loans from financial institutions 22 million Baht and other current liabilities 37 million Baht and decreased from advances received from hirers 83 million Baht and retention payables 66 million Baht.

### Equity

The Company's shareholders' equity of 1,825 million Baht, increasing of 25 million Baht or +1.4% YoY. This increase was due to 1Q24 net profit.

### Cash Flow

The Company have net cashflow decreased by 176 million Baht, decreasing from operating activities by 113 million Baht, resulting from the increasing of unbilled receivables 216 million Baht, decreasing of advances received from hirers 83 million Baht, decreasing of retention payables 66 million Baht and cash generated from operating profits 81 million Baht, increasing of trade and other payables 145 million Baht, decreasing of retention receivables 45 million Baht and decreasing of financial activities 64 million Baht, the main reason is due to the increasing of restricted bank deposits and increasing of financial activities 0.6 million Baht.



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