



CIVIL ENGINEERING

CIVIL ENGINEERING PUBLIC COMPANY LIMITED

Management Discussion and Analysis (MD&A)

For the second quarter ended 30 June 2024

The text "MD & A 2024" is rendered in a large, bold, dark blue font. The letters are stylized with various construction-related icons integrated into them: a hard hat on the top left of the 'M', a concrete mixer truck on the top of the 'D', a crane on the top of the 'A', and two silhouettes of workers on the top of the ampersand. The year "2024" is positioned directly below "MD & A" in the same font style.

MD & A
2024

Executive Summary



Unit: Million Baht	3M		% Increase (Decrease)	6M		% Increase (Decrease)
	2023	2024		1H23	1H24	
Revenue	1,171	1,278	9%	2,618	2,308	(12%)
Gross Profit	88	106	20%	223	215	(4%)
Gross Profit Margin (%)	7.5%	8.3%		8.5%	9.3%	
Admin. Expenses (%)	74 6.3%	83 6.5%	12%	144 5.5%	159 6.9%	10%
Net Profit	13	21	62%	61	46	(25%)
Net Profit Margin (%)	1.1%	1.6%		2.3%	2.0%	

Highlight

Revenue: “Increased in Construction material sales” for 2Q24, revenue increased by 9% YoY, amounting to 107 million baht. This was mainly due to the sale of construction materials. However, for the first half of 2024, revenue decreased by 12% due to a decline in income from construction service.

Gross Profit: “Continue to maintain the gross profit margin” for 2Q24, the gross profit margin increased from 7.5% to 8.3%. This was due to cost savings from small projects and the recognition of K value revenue from projects in the railway and road sectors.

Net Profit: “Increased in 2Q24 but decreased in 1H24” for 2Q24, net profit increased from 13 million baht to 21 million baht, driven by cost savings and increased recognition of K value revenue. However, for 1H2024, net profit decreased by 15 million baht YoY, reduced revenue and higher administrative expenses.

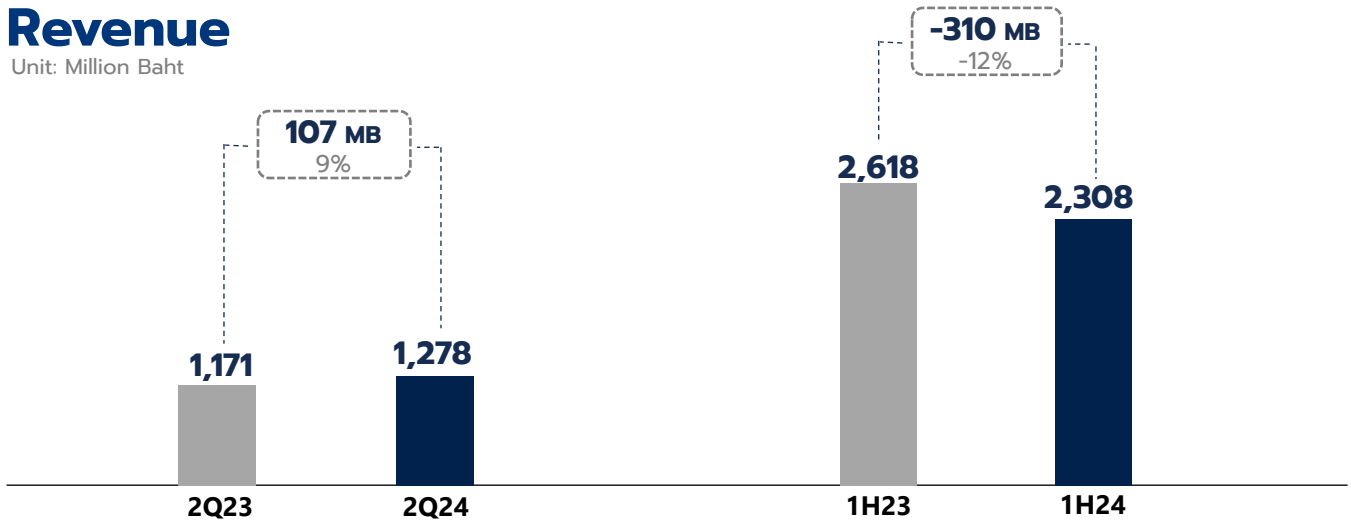
Industry Outlook 2024

- The construction contracting industry is expected to reach 14 trillion baht in 2024-2025, growing 1.9-2.0%** Government investment value remains stable at 794 billion baht, with a low growth rate of 1.0% due to the delayed 2024 budget bill, which impacted the value of public construction in Q1-Q2 of 2024. However, there are still challenges related to government disbursements.
- Opportunities in large-scale projects.** Clear government investment and development directions present significant projects in which the company has opportunities to participate in bidding, including the following: 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.** The government will increase wages in October 2024 and will be raised to 600 baht in 2027.
- Construction material costs stabilize.** The construction materials price index for July 2024 was 113.3, reflecting a 0.3% increase. This overall rise was due to an increase in the index for concrete products, while the index for steel and steel products decreased. Energy costs remain volatile, which could potentially impact construction material costs.
- Economic conditions remain uncertain.** Due to the ongoing war and the slowing global economy, there may inevitably be an impact on the overall economic conditions in Thailand.

Financial Performance

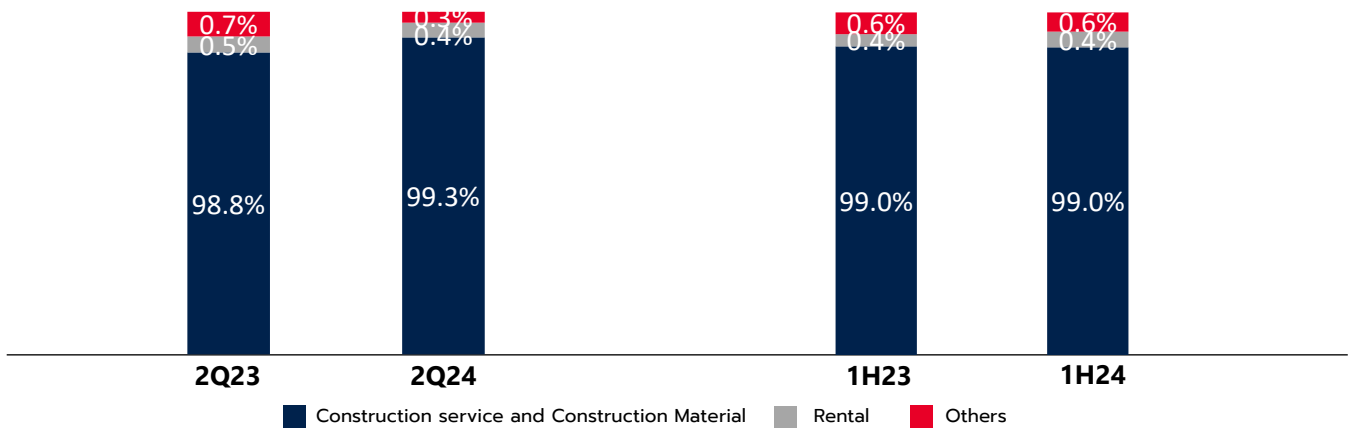
Revenue

Unit: Million Baht



3M	1H
<p>Total revenue for 2Q24 amounted to 1,278 million baht, increasing by 9% YoY. This was primarily driven by construction materials sales, increased 75 million baht or +183% and construction service that grew by 36 million baht or +3% compared to the previous year.</p>	<p>Total revenue for 1H24 amounted to 2,308 million baht, decreasing by 12% YoY. The primary reason is that large-scale construction projects are constrained by government safety measures, and some projects are in stages that require a long time to complete before revenue can be recognized. However, current and newly acquired projects can proceed as usual.</p>

Revenue by sales proportion

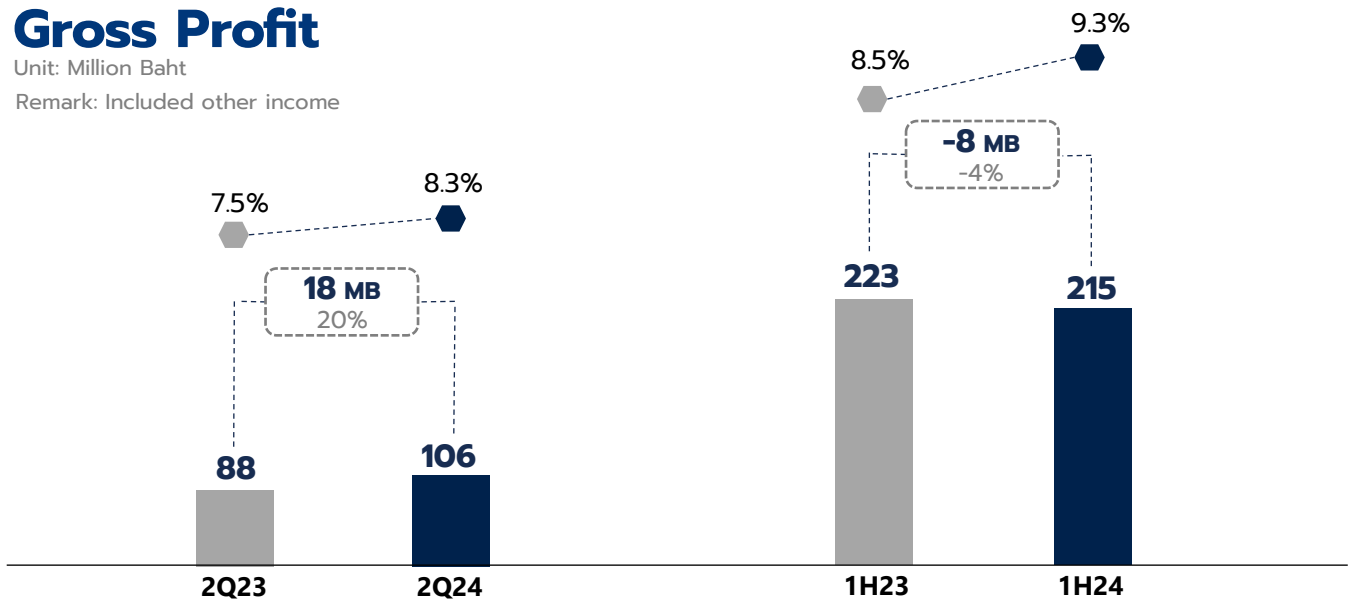


3M	1H
<p>Revenue from construction service and Construction materials (99.3% of Total revenue) 2Q24 Revenue from construction service and construction material was 1,268 million baht increasing by 112 million baht or +10% YoY This was primarily driven by construction materials sales, and the increase in construction service revenue was driven by new projects that have started on-site.</p>	<p>Revenue from construction service and Construction materials (99.0% of Total revenue) 1H24 Revenue from construction service and construction material was 2,308 million baht decreasing by 307 million baht or -12% YoY. This decline was primarily due to reduced revenue from road and railway projects. However, increased revenue from the sale of construction materials partially offset the decline.</p>

3M	1H
<p>■ Revenue from rental (0.4% of Total revenue) 2Q24 Revenue from rental was 5 million baht, the same as the previous year. This revenue came from office building rentals and machinery rentals.</p> <p>■ Revenue from others (0.6% of Total revenue) 2Q24 Revenue from others was 4 million baht, decreasing by 5 million baht compared to the previous year. This income came from the sale of construction scrap materials.</p>	<p>■ Revenue from rental (0.4% of Total revenue) 1H24 Revenue from rental was 11 million baht increasing by 2 million baht or +22% YoY The main reason is due to an increase in office rental rates as per the lease renewal terms</p> <p>■ Revenue from others (0.6% of Total revenue) 1H24 Revenue from others was 13 million baht decreasing by 4 million baht compared to the previous year. This income came from the sale of construction scrap materials.</p>

Gross Profit

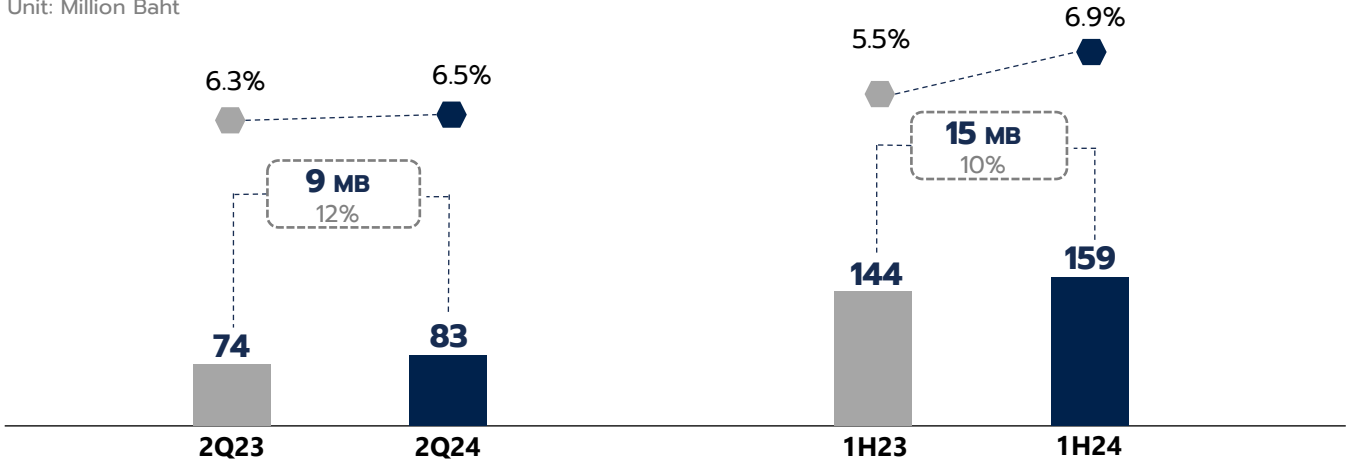
Unit: Million Baht
Remark: Included other income



3M	1H
<p>The gross profit for 2Q24 amounted to 106 million baht, increasing by 18 million baht or +20% YoY. Due to cost savings from small-scale projects and the recognition of escalator factor (K value) revenue from railway and road sector projects. Additionally, there was revenue from the sale of construction materials with a good gross profit margin.</p>	<p>The gross profit for 1H24 amounted to 215 million baht, decreasing by 8 million baht or -4% YoY. This was primarily due to a decrease in construction project revenue. However, the company still maintained an improved gross profit margin due to cost savings from small projects and the recognition of escalator factor (K value) revenue from railway and road sector projects.</p>

Administrative Expenses

Unit: Million Baht



3M

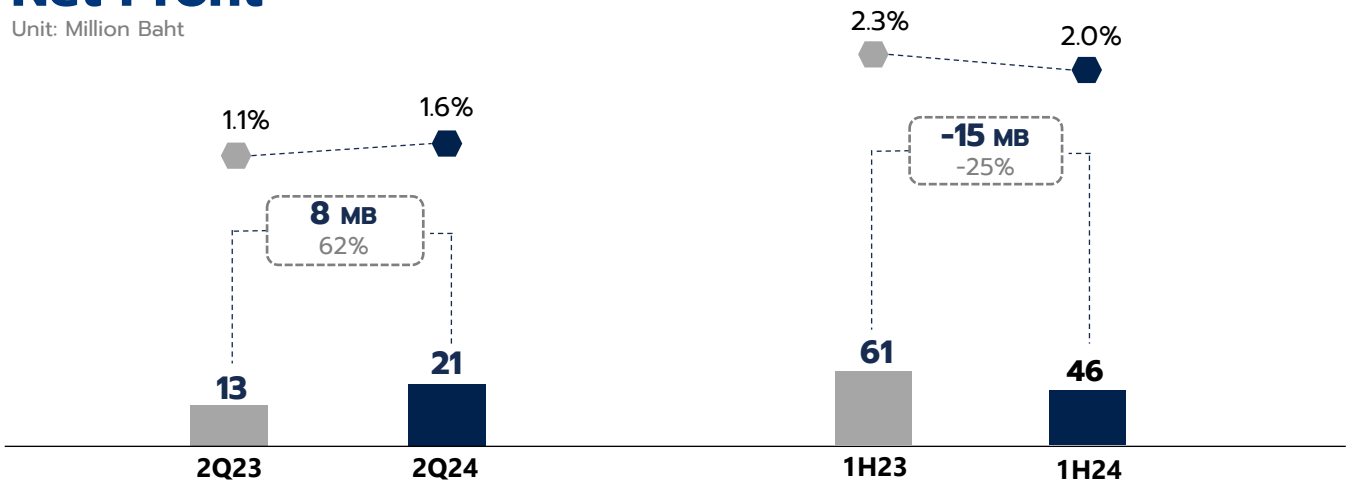
The administrative expenses for 2Q24 amounted to 83 million baht, increasing by 9 million baht or +12% YoY. Due to an increase in our workforce starting from the 4Q23 to support our expanding business structure and improve overall operational efficiency.

1H

The administrative expenses for 1H24 amounted to 159 million baht, increasing by 15 million baht or +10% YoY. The reason is the expenses related to supporting the new business structure according to the business plan and improving management efficiency across the group of companies. This also includes costs for maintaining machinery to ensure it is ready for new projects that have been acquired.

Net Profit

Unit: Million Baht



3M

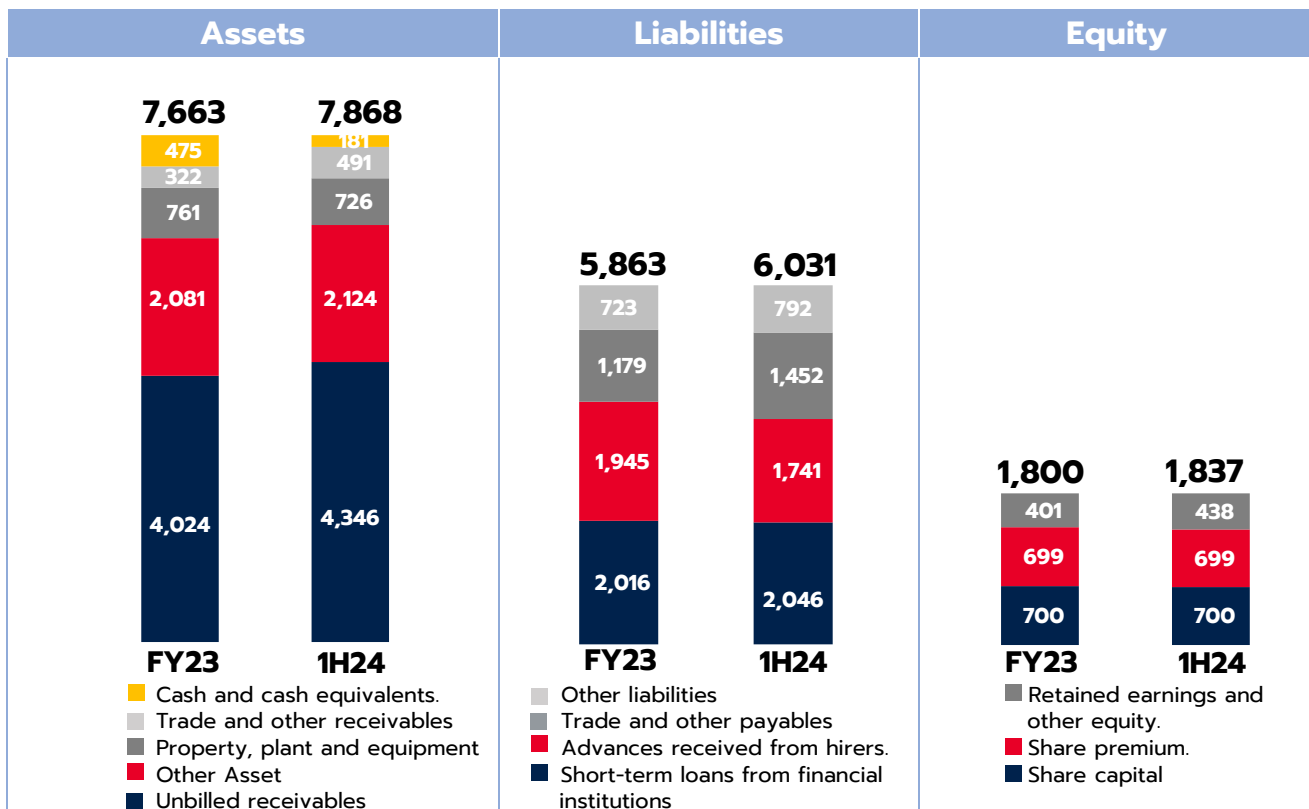
The net profit for 2Q24 amounted to 21 million baht, increasing by 8 million baht or +62% YoY. The main reasons are effective cost management in small construction projects, increased recognition of escalator factor (K value) revenue, and profit from the sale of construction materials.

1H

The net profit for 1H24 amounted to 46 million baht, decreasing by 15 million baht or -25% YoY. This was primarily due to increased administrative costs and a decline in revenue from large-scale construction projects which are in a phase requiring a longer time to complete before revenue recognition.

Statement of Financial Position

Unit: Million Baht



Financial Information

Assets

The Company have total assets of 7,868 million baht, increasing by 205 million baht or +2.7% YoY. This increase was due to unbilled receivables 322 million baht, trade and other receivables 169 million baht and restricted bank deposits 62 million baht and decreased from cash and cash equivalents 294 million baht, property, plant and equipment 35 million baht and inventory 31 million baht.

Liabilities

The Company have total liabilities of 6,031 million baht, increasing by 168 million baht or +2.9% YoY. This increase was due to trade and other payables 273 million baht, other current liabilities 36 million baht, construction revenue received in advance 35 million baht and short-term loans from financial institutions 30 million baht Short-term loans from related parties 20 million baht and decreased from advances received from hirers 203 million baht and retention payables 27 million baht.

Equity

The Company's shareholders' equity of 1,837 million baht, increasing by 37 million baht or +2.1% YoY, mainly due to the net profit for the 6-month period 46 million baht and offset with dividend payment 8.4 million baht.

Cash Flow

The Company have net cash outflow 294 million baht, decreasing from operating activities by 242 million baht, resulting from the increasing of unbilled receivables 322 million baht, other liabilities 169 million baht and decreasing of advances received from hirers 203 million baht. Decreasing from Investing activities 59 million baht, due to the increasing of restricted bank deposits. And increasing from financing activities 7 million baht.





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