



**CIVIL** ENGINEERING

# MD & A 1Q26

MANAGEMENT DISCUSSION AND ANALYSIS

For the first quarter 2026

# Executive Summary



In 2026, the Company operated amid challenging economic conditions, driven by subdued growth in the Thai economy and continued global economic slowdown. Political uncertainty and delays in government budget disbursement resulted in slower investment decisions by both the public and private sectors. Nevertheless, the construction sector continued to receive support from the country's long-term infrastructure investment plans, particularly transportation and public utility projects, which remain key mechanisms for driving future economic growth.

The Company proactively adjusted its strategy to address economic volatility by implementing the **"CIVIL FAST" strategic framework under the concept of "Right Project Selection + Cost Control + On-Schedule Delivery."** This approach aims to enhance operational efficiency, drive growth, and sustainably increase business value. The Company also participated in the JUMP+ program in collaboration with the Stock Exchange of Thailand to strengthen organizational capabilities and enhance long-term competitiveness.



In 1Q26, **the Company secured new projects totaling more than 2,617 million baht**, consisting of projects pending contract signing. And **the total contracted backlog currently stands at 12,100 million baht**, providing revenue visibility for at least the next three years. This strong backlog reflects customers' confidence in the Company's operational capabilities and continued trust in the organization.

Operations under the **"CIVIL FAST"** framework played a significant role in improving organizational efficiency. **The Company successfully completed and delivered a total of 4 projects**, including road construction and airport projects. These consisted of three small-scale road projects with short construction periods, enabling faster revenue recognition and cash flow generation; and one airport project, all of which were delivered ahead of schedule.



The Company's operating results for the first quarter of 2026 showed signs of recovery, with total revenue of 1,402 million baht, representing a 25% increase year-on-year, and net profit of 20 million baht. The gross profit margin stood at 8.3%, reflecting effective cost management and disciplined project selection. In terms of financial position, the Company reported total assets of 8,984 million baht and maintained appropriate and continuous financial liquidity management. Operating cash flow improved, supporting working capital requirements for ongoing projects. Supported by a strong backlog as a foundation for future revenue recognition, the Company also recognizes opportunities arising from upcoming government megaprojects and Public-Private Partnership (PPP) projects expected to open for bidding. At the same time, the Company places strong emphasis on managing risks related to economic conditions, construction material prices, and labor through careful project selection, operational efficiency improvements, and investment in technology to support sustainable growth.



The Company places importance on sustainability operations and has prepared a greenhouse gas management report that has already been verified and is currently under submission to the Thailand Greenhouse Gas Management Organization (TGO). This reflects the Company's commitment to conducting business under good governance, environmental stewardship, and social responsibility principles, while supporting long-term goals of greenhouse gas emission reduction and efficient energy utilization.



## 1 Overview of Business Operations, Economy, and Industrial Sector Impacting Operations

An overview of business operations, as well as the economic and industry conditions affecting operations, can be summarized as follows:

- 1. Low Thai Economic Growth and Global Economic Slowdown.** Thailand's economy in 2026 is projected to grow by 1.4% amid rising risks from escalating conflicts in the Middle East, which have begun to exert clearer impacts, particularly on the tourism sector, business confidence, and energy costs. Fiscal policy is expected to play an increasingly important role in supporting economic stability. Meanwhile, the global economy is forecast to grow by 2.5% in 2026, slowing from 2.9% in the previous year, mainly due to higher energy costs driven by geopolitical tensions in the Middle East.
- 2. Government Injects 2 Trillion Baht into Megaprojects:** The government is accelerating infrastructure megaproject investments valued at over 2 trillion baht, alongside issuing support measures for construction contractors. These measures include the Escalator factor (K) compensation, revisions to contractual conditions, and mechanisms allowing oil and construction material prices to better reflect actual costs. As a result, backlog trends and operating performance within the construction contractor sector are expected to recover significantly. Analysts maintain a positive outlook for the industry, supported by accelerated investment in Quick-Win projects and major developments such as motorways, railways, expressways, airports, and the Land Bridge project, which are expected to stimulate the economy over the medium to long term.
- 3. Opportunities in large-scale projects.** The Ministry of Transport has prepared 11 megaprojects with a total value of approximately 359,804 million baht to be proposed to the Cabinet for consideration and advancement in 2026. These projects primarily focus on the development of transportation infrastructure, including road and expressway networks and rail systems. Key projects that present bidding opportunities for the Company include the double-track railway project Phase 2 (Khon Kaen–Nong Khai section), high-speed rail Phase 2, Chumphon Airport, Nakhon Si Thammarat Airport (expansion), the Don Mueang Tollway (Rangsit–Bang Pa-In section), and the U-Tapao Airport connecting road, as well as public-private partnership (PPP) projects.

The company has a strategy plan to diversify revenue in small and medium project size that can accelerated revenue recognition, reducing the risk from potential material price fluctuations to manage overall profit margin at a suitable level. This also involves looking at new business opportunities in the future that will promote stronger company growth.



## 2 Summary of Incidents and Key Developments

### Key Achievements in 1Q26

- 1. Continuous Backlog Growth:** The company has secured new projects worth over 2,800 million baht and the total value of the current backlog (for projects with signed contracts) to over 12.9 billion baht. In addition, there are several projects currently under negotiation and preparing for contract signing, which will support the company in generating **"continuous revenue for at least the next 3 years."** This reflects the company's strong revenue base and stable growth trend due to consistent new project acquisition in the future.
- 2. Faster-than-Planned Project Completion:** Under the company's "CIVIL FAST" initiative, construction projects have been completed and delivered 100% ahead of schedule. Most of these projects were road construction projects with relatively short construction periods, enabling the Company to receive payments more quickly. In addition, such projects generated higher profit margins compared to large-scale projects. This aligns with the Company's strategy of focusing on a diversified project mix to balance revenue recognition and ensure continuity of operations. In the first quarter of 2026, the Company successfully completed and delivered a total of 4 projects.
- 3. Participation in the JUMP+ Program with the Stock Exchange of Thailand:** The Company has participated in the JUMP+ program, one of the key initiatives of the Stock Exchange of Thailand (SET), aimed at promoting the growth of listed companies and enhancing the sustainable development of Thailand's capital market. Under the **"CIVIL FAST" strategic framework – Right Project Selection + Cost Control + On-Schedule Delivery –** the Company focuses on end-to-end value chain management and proactive operational management. At the same time, the Company is strengthening corporate governance practices, anti-corruption measures, and the development of a whistleblowing system to enhance transparency and build confidence among stakeholders. In addition, the Company is preparing to establish a greenhouse gas emissions inventory and aims to begin disclosing certain related information by 2027.



### Summary of Operating Results

Unit: million baht	1Q25	1Q26	%Increase (Decrease)
Revenue	1,126	1,402	25%
Gross Profit	92	116	26%
Gross Profit Margin (%)	8.2%	8.3%	0.1%
Admin. Expenses (%)	89 7.9%	95 6.8%	7% (1.1%)
EBITDA	58	69	19%
EBITDA (%)	5.1%	4.9%	(0.2%)
Net Profit	7	20	174%
Net Profit Margin (%)	0.6%	1.4%	0.8%

#### Key Highlights

**Revenue:** In 1Q26, the revenue was 1,402 million baht, increasing by 25% YoY, the improvement was primarily driven by revenue growth from construction contracting projects in the road and airport segments, which progressed according to plan and enabled revenue recognition as scheduled. The successful completion and delivery of 4 projects further reflected operational efficiency under the “CIVIL FAST” strategy, particularly in achieving on-schedule delivery in terms of timeline, quality standards, and effective resource management. This performance supported stable and continuous revenue recognition. In addition, the revenue from construction material sales, increasing by 91 million baht or +116%, resulting from the expansion of businesses related to its construction contracting operations. Sales within the construction materials segment served as a key supporting factor contributing to overall revenue growth.

**%Gross Profit:** In 1Q26, the gross profit margin was 8.3% or +0.1% YoY, Despite being affected by rising oil prices and the revision of construction cost estimates for certain necessary work categories to align with current market conditions, the Company was able to effectively manage and control costs through its diversified project portfolio strategy and risk diversification approach. In particular, road construction projects with shorter construction periods or projects that could be completed ahead of schedule contributed to improved operational efficiency. In addition, the increase in gross profit from the construction materials trading segment resulted in overall gross profit margin growth compared to the previous year.

**Net Profit:** In 1Q26, the net profit was 20 million baht, increasing by 174% YoY, key supporting factors included increased revenue from construction contracting projects in the road and airport segments, successful project delivery in line with the “CIVIL FAST” strategy, and continued growth in revenue from the construction materials distribution business. At the same time, the Company remained capable of managing and controlling costs at a normal level despite elevated oil price conditions, which played an important role in supporting profit growth and improving overall profitability.



## Financial Performance

### Revenue

Unit: Million Baht

In 1Q26, total revenue amounted to 1,402 million baht, increasing by 276 million baht or +25% YoY mainly driven by an increase of more than 87 million baht from road construction projects and 38 million baht from airport projects. In addition, revenue from construction material sales increased by over 91 million baht, or +116% YoY, primarily attributable to sales within the core construction materials segment.

#### ■ Revenue from construction service and Construction materials (99.2% of Total revenue)

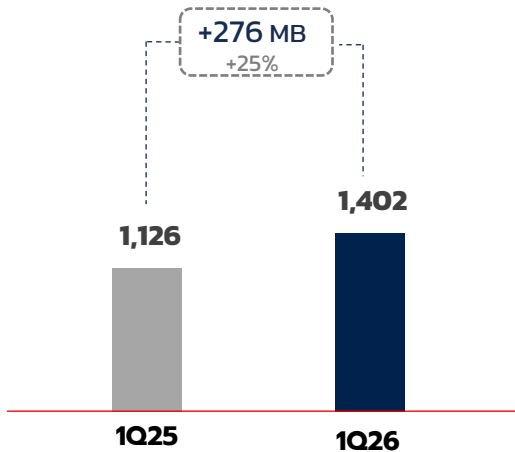
In 1Q26, revenue from construction services and construction materials was 1,391 million baht, representing an increase of 277 million baht, or +25% YoY. The growth was mainly driven by the road construction segment, which continued to deliver projects as scheduled, resulting in revenue growth of 185 million baht, or an 18% increase YoY. In addition, revenue from construction material sales increased by 91 million baht, or +116% YoY.

#### ■ Revenue from rental (0.7% of Total revenue)

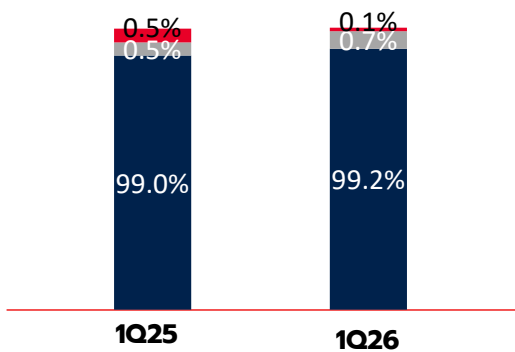
In 1Q26, revenue from rental was 9 million baht, or +67% YoY. This increase was primarily attributable to more efficient machinery management, leading to higher machinery rental utilization and income.

#### ■ Revenue from others (0.1% of Total revenue)

In 1Q26, revenue from others was 2 million baht, or decreasing by 4 million baht YoY. Mainly due to the Company recorded gains from the disposal of unused assets amounting to 5 million baht in the prior year.



#### Revenue by sales proportion

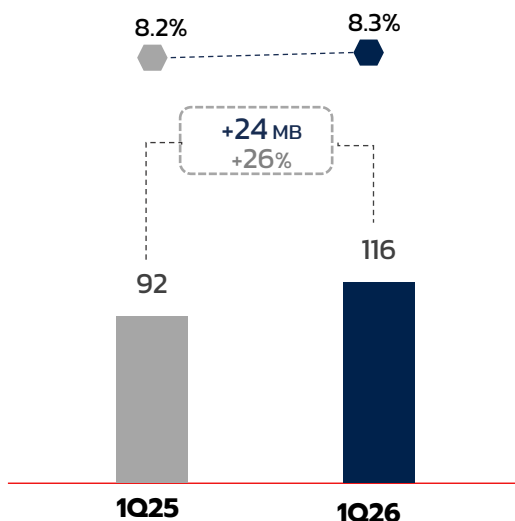


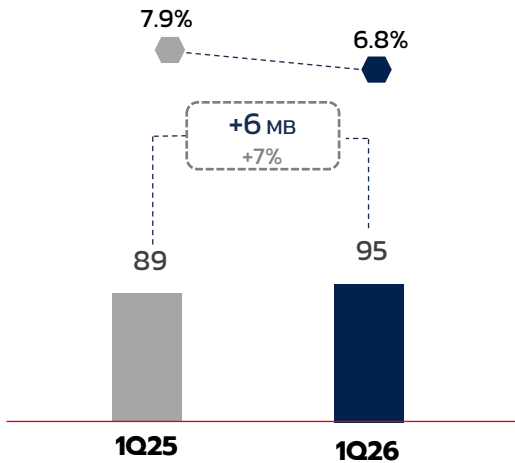
■ Construction service and Construction Materials ■ Rental ■ Others

### Gross Profit

Unit: Million Baht

In 1Q26, the gross profit margin was 8.3% increasing by 0.1% YoY. Amid rising oil prices, the Company revised its construction cost estimates for necessary project segments to align with current market conditions. Nevertheless, the Company remained able to manage and control costs at a normal level while continuing to deliver projects consistently. In addition, gross profit from the construction materials distribution segment increased, resulting in a total gross profit improvement of 24 million baht. This performance reflects the Company's profitability resilience under volatile cost conditions, as well as its effectiveness in diversifying revenue sources and reducing reliance on a single core revenue stream.

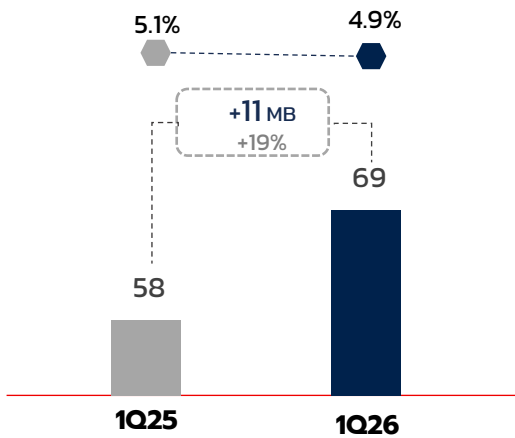




## Admin Expenses

Unit: Million Baht

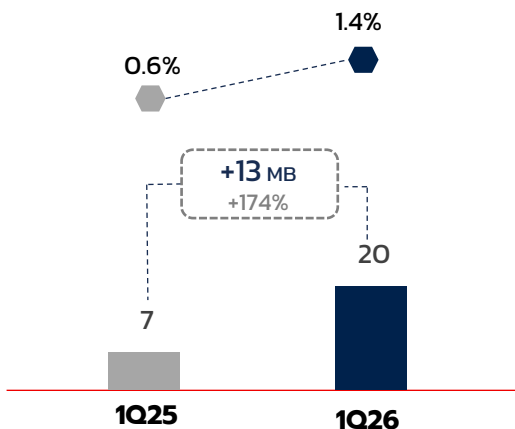
**In 1Q26, the administrative expenses amounted to 95 million baht, increasing by 6 million baht, or +7% YoY.** The increase was primarily due to the additional recognition of expected credit loss on financial assets following a review of provisioning policies to ensure alignment with applicable financial reporting standards. Nevertheless, the increase in such expenses remained within the Company’s approved budget framework, while operating expenses continued to be maintained at a normal level.



## EBITDA

Unit: Million Baht

**In 1Q26, EBITDA amounted to 69 million baht, increasing by 11 million baht, or +19% YoY.** Although the margin ratio slightly declined due to higher construction costs resulting from rising oil prices, together with additional expected credit loss recognition on financial assets, EBITDA continued to increase in absolute terms, supported by overall revenue growth. This was mainly driven by higher revenue from road construction projects, airport projects, and the construction materials distribution business, combined with the Company’s ability to consistently deliver projects and effectively manage costs. As a result, EBITDA improved by 11 million baht compared to the previous year.



## Net Profit

Unit: Million Baht

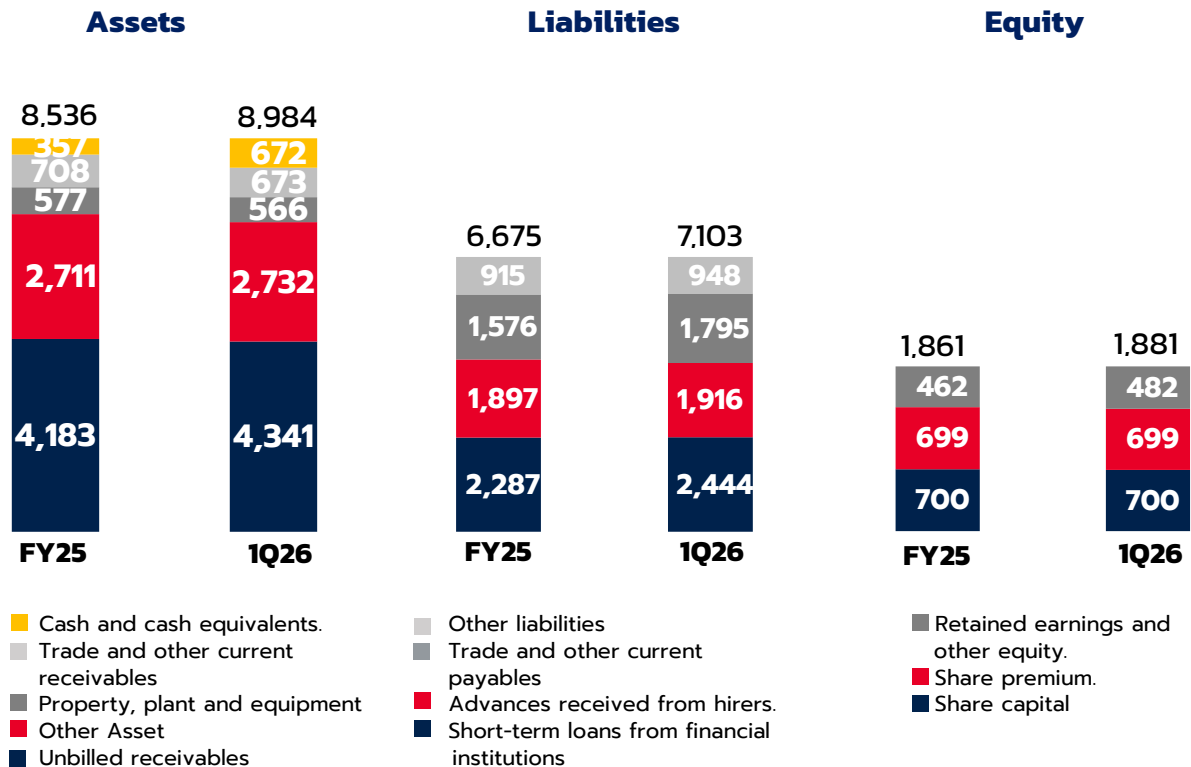
**In 1Q26, net profit amounted to 20 million baht, increasing by 13 million baht, or +174% YoY.** Key supporting factors were driven by revenue growth from construction contracting projects in the road and airport segments, which progressed and were delivered according to plan under the “CIVIL FAST” strategy, resulting in continuous revenue recognition. This was complemented by the expansion of the construction materials distribution business, which helped diversify revenue sources and reduce reliance on a single core income stream. Although the Company was affected by rising oil costs, leading to revisions in construction cost estimates for certain projects, it remained capable of managing and controlling costs efficiently, while maintaining operating expenses at a normal level. Consequently, operating performance and profitability improved compared to the previous year.



## Summary of Financial Position

Unit: Million Baht

### Statement of Financial Position



### Financial Information

#### Assets

The Company has total assets of 8,984 million baht, representing an increase of 448 million baht, or +5.3% YoY. The increase was mainly driven by higher cash and cash equivalents of 315 million baht, unbilled revenue of 158 million baht, and other current assets of 52 million baht. Meanwhile, certain assets decreased, primarily due to a reduction in advances to subcontractors and deposits for goods amounting to 36 million baht, as well as a decrease in trade and other current receivables of 34 million baht.

#### Liabilities

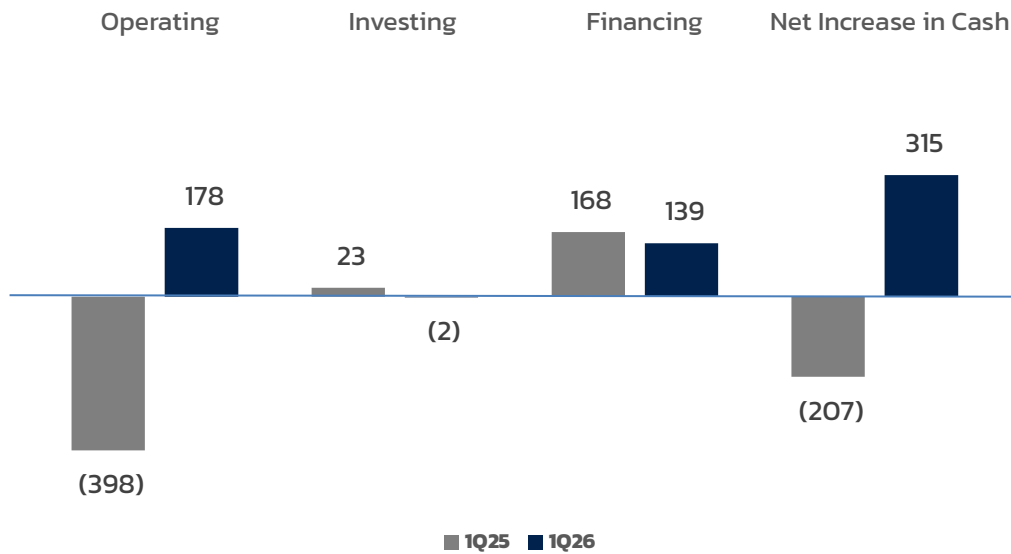
The Company has total liabilities of 7,103 million baht, representing an increase of 428 million baht, or +6.4% YoY. The increase was mainly attributable to higher trade and other current payables of 218 million baht, in line with normal business payment terms and operating cycles. In addition, short-term borrowings from financial institutions increased by 157 million baht to support investment activities and provide working capital for newly awarded construction projects, consistent with the Company's capital structure management plan. Furthermore, retention payables increased by 45 million baht, reflecting project progress and completed work delivered by subcontractors during the first quarter. Meanwhile, certain liabilities decreased, primarily due to a reduction in advance construction revenue of 39 million baht, resulting from progressive revenue recognition based on project completion and settlement of contractual obligations as scheduled. Provisions for long-term employee benefits also decreased by 6 million baht following employee retirements.

#### Equity

The Company's shareholders' equity totaled 1,881 million baht, increasing by 20 million baht, or +4.3% YoY, mainly driven by net profit of 20 million baht recorded in the first quarter.

**Financial Information (continued)**

Unit : million baht


 **Cash Flow**

The Company's net cash increased by 315 million baht, mainly driven by changes in operating assets and liabilities (working capital) amounting to 201 million baht. The increase was primarily attributable to higher operating assets, including unbilled revenue of 159 million baht and retention receivables of 45 million baht. Operating liabilities also increased, particularly trade and other current payables of 218 million baht, in line with normal business payment terms and operating cycles, as well as retention payables of 45 million baht, reflecting project progress and completed work delivered by subcontractors. Most of the increase in operating liabilities consisted of non-interest-bearing obligations.

Net cash decreased by 1 million baht from investing activities, mainly due to capital expenditures on land, buildings, and equipment totaling 20 million baht. This was partially offset by a decrease in restricted bank deposits of 16 million baht and interest income received of 3 million baht.

Net cash increased by 139 million baht from financing activities, primarily resulting from an increase in short-term borrowings from financial institutions of 157 million baht, partially offset by lease liability repayments of 16 million baht.



## 5 Factors that may impact future operations or growth

Factors that may affect future operations or growth are as follows:

- 1. Rising construction material and oil costs.** Overall construction material costs increased by 17%; however, it is expected that approximately 8.5%, or about half of the cost increase, can be passed on to customers through price adjustments. The cost escalation was mainly driven by three factors: 1) reliance on imported raw materials with significantly higher prices, particularly steel and aluminum; 2) higher energy costs affecting energy-intensive industries; and 3) increased transportation expenses. The conflict in the Middle East has contributed to elevated production costs, as global crude oil prices remain at high levels, directly impacting logistics and transportation costs. Rising price signals have also encouraged customers to place advance orders for speculative purposes, resulting in shortages of transport vehicles and a sharp increase in freight rates.
- 2. Continued Uncertainty from War Conditions.** Continued tensions or potential conflict between Iran and the United States could further impact the construction industry through several channels: 1) highly volatile oil prices leading to higher construction material costs; 2) inflationary pressures increasing borrowing costs and potentially causing project delays or postponements; and 3) exchange rate volatility, which raises the cost of imported steel and machinery. Nevertheless, certain impacts may be partially mitigated through compensation mechanisms or contractual adjustments.
- 3. Labor Shortage.** In 2026, the construction sector is expected to continue facing labor shortages, particularly in terms of both the number and skill levels of workers. Insufficient labor may slow down certain activities, increase costs, and reduce contractors' competitiveness. Addressing this issue will require investment in technologies to partially substitute for labor.

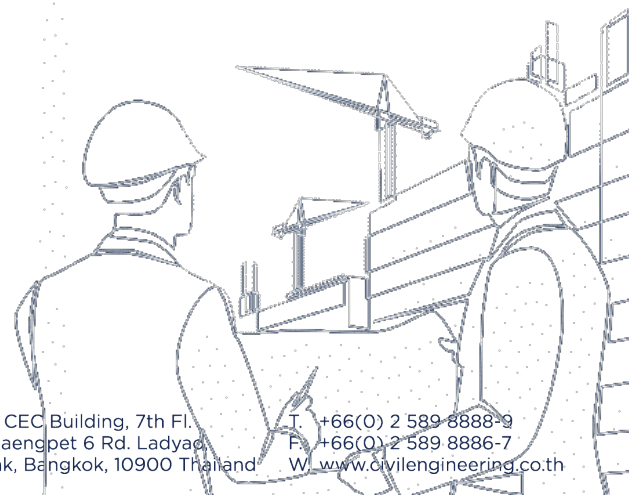


## 6 Sustainability Development

### Sustainability Projects

- The Company has participated in the Jump+ program with the Stock Exchange of Thailand (SET), a key initiative aimed at promoting the growth of listed companies and enhancing the sustainable development of Thailand's capital market. The Company has developed comprehensive action plans covering all three dimensions of the program, including greenhouse gas management initiatives, to strengthen operational capabilities and support long-term sustainable growth.

Under the aforementioned plan, the Company has also prepared a greenhouse gas management report, which has already been verified and is currently being submitted to the Thailand Greenhouse Gas Management Organization (TGO). The report will serve as a guideline for managing and reducing greenhouse gas emissions, improving energy efficiency, and strengthening environmental credibility. This reflects the Company's commitment to conducting business in accordance with the principles of good governance, environmental stewardship, and social responsibility, with the aim of creating sustainable value for all stakeholders.





## **Civil Engineering Public Company Limited**

Investor Relations Department

68/12, 7th Floor, CEC Building, Kampaeng Phet 6 Road, Lat Yao, Chatuchak, Bangkok, 10900

Tel: +66(0) 2589-8888

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

Website: [www.civilengineering.co.th](http://www.civilengineering.co.th)