



GEL.CS.006/2562

14 November 2019

Subject: Management Discussion and Financial Analysis for the operating results of the third quarter of 2019, ended September 30, 2019

To: Director and Manager  
The Stock Exchange of Thailand

The Board of Director's meeting No. 7/2019 of General Engineering Public Company Limited ("the Company") held on November 14, 2019 has approved and verified the financial statements of the Company and its subsidiaries for the third quarter of 2019 which reviewed by the auditor of the Company. Details are as follows.

### **1. The Operating Results Analysis**

#### **For the third quarter of 2019, ended September 30, 2019**

The operating results of the Company and its subsidiaries for the third quarter of 2019, ended September 30, 2019 was described in the financial statement showing net loss at the amount of Baht 62.72 million, comparing with the same period of previous year, the net loss at the amount of Baht 56.48 million which the net loss was increased by Baht 6.24 million which details are as following;

##### (1) Revenue from sales

In the third quarter of 2019, the Company and its subsidiaries had total revenue from sales at the amount of Baht 532.29 million, which increased from the same period of previous year by Baht 33.29 million or 6.67%. The increase was affected by an increase in the delivery volume of its subsidiaries by Baht 32.45 million comparing with the same period of previous year.

##### (2) Cost of sales

In the third quarter of 2019, the Company and its subsidiaries had total cost of sales at the amount of Baht 518.35 million, which increased from the same period of previous year by Baht 19.6 6 million or 3.94%. The increase in cost of sales varies according to the increase in revenue from sales, but the ratio of increasing of cost of sales was lower than the ratio of increasing of revenue from sales because of the increased in production volume of precast concrete resulting in lower of cost per unit of such product comparing with the same period of previous year.

##### (3) Gross profit

The Company and its subsidiaries' total gross profit were Baht 13.94 million, which increased from the same period of previous year by Baht 13.63 million due to an increased in production volume of precast concrete resulting to decrease in cost of production.

##### (4) Selling expenses

The Company and its subsidiaries had selling expenses at the amount of Baht 10.09 million, decreased from the same period of previous year by Baht 3.84 million or 27.60%.

##### (5) Administrative expenses

The Company and its subsidiaries' administrative expenses were Baht 44.22 million, which increased from the same period of previous year by Baht 2.82 million or 6.82% due to its subsidiaries employee's expenses were increased.



(6) Financial cost

The Company and its subsidiaries' financial cost from loan and permission note were Baht 18.98 million or increased from the same period of previous year by Baht 7.53 million or 42.11% due to long term loan for construction and working capital.

(7) Share of profit (loss) from investment in associated company and joint ventures

In the third quarter of 2019, the Company recognized the profit sharing from Mctric Public Company Limited for the amount of Baht 5.43 million and the loss sharing amount of Baht 6.01 million from Wisdom Tree Investment (S) PTE. Limited, which the Company recognized the net loss sharing Baht 0.57 million, comparing with the same period of previous year, which the Company recognized the profit sharing from Mctric Public Company at the amount of Baht 10.04 million and loss sharing from Wisdom Tree Investment (S) PTE. Limited. at the amount of Baht 2.97 million.

**For the first 9 month of 2019, ended 30 September 2019**

The operating results of the Company and its subsidiaries for the first 9 months of 2019, ended 30 September 2019, was described in the financial statement showing net loss at the amount of Baht 151.76 million, comparing with the same period in 2018, with the net loss at the amount of Bath 120.07 million. In the first 9 month of 2019, the net loss was decreased by Baht 31.69 million which details are as following;

(1) Revenue from sales

The Company and its subsidiaries' revenues from sales in the first 9 month of 2019, ended 30 September 2018, was Baht 1,623.80 million, increased by Baht 253.07 million or 18.46% from the same period of previous year. This was due to increase in the delivery of the Company which was Baht 136.30 million and the delivery of its subsidiaries which was Baht 116.77 million comparing from the same period of previous year.

(2) Cost of sales

The Company and its subsidiaries' total cost of sales in the first 9 months of 2019 was Baht 1,562.37 million, increased by Baht 196.93 million or 14.42% from the same period of previous year. The increase in cost of sales varies according to the increase in revenue from sales, but the ratio of increasing of cost of sales was lower than the ratio of increasing of revenue from sales because of the increased in production volume of precast concrete resulting in lower of cost per unit of such product comparing with the same period of previous year.

(3) Gross profit

The Company and its subsidiaries' gross profit was of Baht 61.43 million, increased by Baht 56.14 million or more than 100% from the same period of previous year. This was due to the increased in production volume of precast concrete resulting in lower of cost per unit of such product.

(4) Selling expenses

The Company and its subsidiaries' selling expenses was Baht 32.35 million, decreased by Baht 4.40 million or 11.97% from the same period of previous year.

(5) Administrative expenses

The Company and its subsidiaries' administrative expenses was Baht 145.53 million, increased by Baht 33.12 million or 29.47% from the same period of previous year due to an increase in administrative expenses of the Company and its subsidiaries and allowance doubtful account increased by Baht 9 million and employee benefits for employees who have worked with the Company 20 years or more to receive compensation not less than 400 days of their salary as at the date of retirement which total amount increased by Baht 7 million.

(6) Financial costs

The Company and its subsidiaries' financial cost from loan and permission note was increased by Baht 50.02 million, increased by Baht 24.02 million or 92.37% from the same period of last year due to long term loan and working capital.

(7) Share of profit (loss) from investment in associated company and joint ventures

In the first 9 months of 2019, the Company recognized the profit sharing from Mctric Public Company Limited ("Mctric") which was Baht 15.95 million and the loss sharing from Wisdom Tree Investment (S) PTE. Limited ("Wisdom Tree") which was Baht 23.24 million which the Company recognized the loss sharing from investment in associated company and joint ventures was Baht 7.29 million comparing with the same period of previous year, the Company gained the profit sharing from Mctric which was Baht 14.52 million and the loss sharing from Wisdom Tree which was Baht 7.84 million.

(8) Dividend

The Company received dividend from Millcon Steel Public Company Limited at the rate Baht of 0.0033 per share, totaling Baht 23.36 million

**2. Financial Analysis**

(Unit: Thousand Baht)

Items	30 September 2019	31 December 2018	Increase (Decrease)	%
Net Assets	6,143,748	6,724,090	(580,342)	(8.63)
Net Liabilities	2,085,840	2,078,079	7,761	0.37
Shareholders' equity	4,057,909	4,646,010	(588,101)	(12.66)

**Assets**

As at September 30, 2019, the Company and its subsidiaries had total assets of Baht 6,143.74 million, decreased by Baht 580.34 million or 8.63% comparing with December 31, 2018 due to a decrease in cash and cash equivalent at amount of Baht 36.20 million, a decrease in inventories at amount of Baht 98.16 million and a decrease in account receivable at amount of Baht 42.48 million. The Company was adjusting in investment in available-for-sales securities to market price which decreased by Baht 537.21 million and deferred tax assets increased by Baht 107.44 million due to such investment in available-for-sales securities prices were decreased.

**Liabilities**

As at 30 September 2019, the Company and its subsidiaries' liabilities was Baht 2,085.84 million, increased by Baht 7.76 million or 0.37% comparing with 31 December 2018 due to short term loan for working capital was increased by Baht 249.74 million and the Company's account payable was decreased by Baht 122.63 million. In addition, the Company was repayment in advanced receivable to customers which amount of Baht 33.79 million and the Company was repayment of long term loan which long term loan was decreased by Baht 132.12 million.

**Shareholders' equity**

As at 30 September 2019, the shareholders' equity of the Company and its subsidiaries were Bath 4,057.91 million, decreased by Baht 588.90 million or 12.66% from 31 December 2018 due to an decrease in market price of investment in available-for-sales securities which amount of Baht 537.21 million effecting to deferred tax assets increased by Baht 107.44 million. In addition, the operating result of the Company and its subsidiaries in the first 9 month of 2019 showing net loss Baht 144.20 million resulting in a decrease in shareholders' equity.



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Yours sincerely,

General Engineering Public Company Limited

*-signed-*

(Mr. Wuttichai Sresthabutra)  
Director