



GEL.CS.001/2563

2 March 2020

Subject: Management Discussion and Financial Analysis for the operating results as at December 31, 2019

To: Director and Manager
The Stock Exchange of Thailand

The Board of Director's meeting No. 1/2020 of General Engineering Public Company Limited ("the Company") held on March 2, 2020 has approved and verified the financial statements of the Company and its subsidiaries for the year 2019 which audited by the auditor of the Company. Details are as follows.

1. The Operating Results Analysis

For the year ended December 31, 2019

The operating results of the Company and its subsidiaries for the year ended December 31, 2019 is described in the financial statement showing net loss at the amount of Baht 284.96 million, comparing with the year 2018, the net loss amount of Bath 152.21 million or Baht 132.75 million increased which details are as follows;

(1) Revenue from sales

In 2019, the Company and its subsidiaries had total revenue from sales at the amount of Baht 2,034.44 million, which increased from the year 2018 by Baht 86.43 million or 4.44%. In 2019, the Company's revenue was decreased by Baht 73.09 million comparing with the year 2018. The Company's subsidiaries revenues were increased by Baht 159.52 million comparing with the year 2018. The Company's subsidiaries recorded revenue in the fourth quarter of 2018 and second quarter of 2019 respectively.

(2) Cost of sales

In 2019, the Company and its subsidiaries had total cost of sales at the amount of Baht 2,004.25 million, which increased from the year 2018 by Baht 90.27 million or 4.72% due to the cost of sales varies according to the increase in revenue while the Company's subsidiaries cost of sales was increased due to its production could not utilized full capacity.

(3) Gross profit

The Company and its subsidiaries' total gross profit were Baht 30.19 million, which decreased from the year 2018 by Baht 3.85 million or 11.31%, due to the Company's subsidiaries cost of sales was increased due to its production could not utilized full capacity effecting to decrease in gross profit.

(4) Dividend income

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

(5) Gain from sales of investment

In 2018, The Company gained from sales of investment at the amount of Baht 42 million but there is no gain or loss from sales of investment in 2019.

(6) Other revenue

The Company and its subsidiaries had other revenue at the amount of Baht 32.95 million, which increased from the year 2018 by Baht 4.80 million or 17.06% due to increase in revenue from steel and

concrete by Baht 9.07 million and increased in revenue from construction materials by Baht 6.81 million and gain from sales on investment increased by Baht 4.24 million and other revenue increased by Baht 2.82 million.

(7) Selling expenses

The Company and its subsidiaries had selling expenses of Baht 42.33 million, or Baht 4.95 million decreased from the year 2018 or 10.48%.

(8) Administrative expenses

The Company and its subsidiaries' administrative expenses was Baht 201.17 million, increased by Baht 55.18 million or 37.81% from the year 2018 due to an increase in administrative expenses of the Company and its subsidiaries and allowance doubtful account increased by Baht 16 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 7.60 million. The Company's subsidiaries administrative expenses were increased by Baht 24 million but in 2018 recorded in asset for construction.

(9) Financial cost

The Company and its subsidiaries' financial cost from loan and permission note were Baht 69.47 million or increased by Baht 27.53 million or 65.66% from the year 2018. The Company's subsidiaries financial cost recorded in asset for construction in year 2018.

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

In 2019, the Company recognized the profit sharing from Mctric Public Company Limited for the amount of Baht 7.34 million and the loss sharing amount of Baht 32.00 million from Wisdom Tree Investment (S) PTE. Limited, which the Company recognized the net loss sharing Baht 24.66 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 23.25 million and loss sharing from Wisdom Tree Investment (S) PTE. Limited. at the amount of Baht 14.74 million.

2. Financial Analysis

(Unit: Thousand Baht)

Items	30 December 2019	31 December 2018	Increase (Decrease)	%
Net Assets	5,890,353	6,724,090	(833,737)	(12.40)
Net Liabilities	2,076,683	2,078,079	(1,396)	(0.07)
Shareholders' equity	3,813,670	4,646,011	(832,341)	(17.92)

Assets

As at December 31, 2019, the Company had total assets of Baht 5,890.35 million Baht, decreased by Baht 833.74 million or 12.40% from December 31, 2018 due to

1. A decrease in cash and cash equivalent at amount of Baht 28.21 million and a decrease in accounts receivable and account receivable of related company at amount of Baht 79.06 million.
2. A decrease in inventories at amount of Baht 171.14 million which was due to delay of project and delivery from private sector.
3. A decrease in investment in available-for-sales securities (MILL) at amount of Baht 669.56 million due to market price was decreased from 1.07 THB/share in year 2018 to 0.69 THB/share in year 2019.
4. A decrease in investments in associated company and joint venture at amount of Baht 31.97 million due to sharing from loss on investment.

5. Due to the decrease in available-for-sale securities (MILL) effecting to deferred income tax assets increased by Baht 136.94 million.

Liabilities

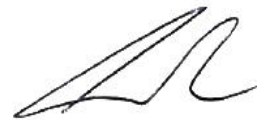
As at 31 December 2019, the Company and its subsidiaries' liabilities was Baht 2,076.68 million, decreased by Baht 1.39 million or 0.07% from 31 December 2018.

1. The Company's current liabilities increased by Bath 90.68 million due to;
 - 1.1. The Company and its subsidiaries short term loan was Baht 593.53 million increased from previous year which was Baht 300.79 million.
 - 1.2. The Company and its subsidiaries account payable was Baht 456.10 million decreased by Baht 168.56 million from the same period of previous year due to decreased in supplier and contractor.
 - 1.3. The Company and its subsidiaries advanced receive was Baht 63.38 million decreased by Baht 36.99 million from the same period of previous year.
2. Non-current liabilities decreased by Baht 92.07 million due to
 - 2.1. The Company and its subsidiaries term loan was Baht 705.73 million decreased by Baht 110.09 million from the same period of previous year due to repayment.
 - 2.2. The Company and its subsidiaries recognized the employee benefits obligation - net at amount of Baht 54.61 million increased by Baht 18.29 million from the same period of previous year.

Shareholders' equity

As at 31 December 2019, the shareholders' equity of the Company and its subsidiaries were Bath 3,813.67 million, decreased by Baht 832.34 million or 17.92% from 31 December 2018. The available for sale of securities was decreased due to the market price was lower. This was effecting in decreased in number of shareholders' equity by Baht 547.38 million. The operating result of the Company and its subsidiaries in the year 2019 showing a loss resulting in a decrease in shareholders' equity at the amount of Baht 284.96 million.

Yours sincerely,
General Engineering Public Company Limited



(Mr. Wuttichai Sresthabutra)
Director