



GEL.CS.006/2563

15 May 2020

Subject: Management Discussion and Financial Analysis for the operating results of the first quarter of 2020, ended March 31, 2020

To: Director and Manager  
The Stock Exchange of Thailand

The Board of Director's meeting No. 3/2020 of General Engineering Public Company Limited ("the Company") held on May 15, 2020 has approved and verified the financial statements of the Company and its subsidiaries for the first quarter of 2020 which reviewed by the auditor of the Company. Details are as follows.

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

#### **For the first quarter of 2020, ended March 31, 2020**

The operating results of the Company and its subsidiaries for the first quarter of 2020, ended March 31, 2020 was described in the financial statement showing net loss at the amount of Baht 54.90 million, comparing with the same period of previous year, the net loss at the amount of Baht 24.52 million. In the first quarter of 2020, the net loss was increased by Baht 30.38 million which details are as following;

#### (1) Revenue from sales

In the first quarter of 2020, the Company and its subsidiaries had total revenue from sales at the amount of Baht 398.76 million, which decreased from the same period of previous year by Baht 261.15 million or 39.57%. The decrease was affected by the outbreak of the coronary virus 2019 or Covid-19, causing customers to delay in work delivery of many projects although the Company has already been hired. A subsidiary has increased work deliveries in the amount of Baht 29.47 million compared to the same period of previous year.

#### (2) Cost of sales

In the first quarter of 2020, the Company and its subsidiaries had total cost of sales at the amount of Baht 392.50 million, which decreased from the same period of previous year by Baht 222.41 million or 36.71% due to the cost of sales varies according to the decrease 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 6.27 million, which decreased from the same period of previous year by Baht 38.75 million or 86.08%, due to delay in work delivery and production order. As a result, the cost of sales per unit increased together with the subsidiaries could not utilize full capacity.

#### (4) Dividend income

The Company received dividend from Millcon Steel Public Company Limited at the rate Baht of 0.02 per share, totaling Baht 15.57 million

#### (5) Selling expenses

The Company and its subsidiaries had selling expenses at the amount of Baht 8.26 million, decreased from the same period of previous year by Baht 3.03 million or 26.82%.

#### (6) Administrative expenses

The Company and its subsidiaries' administrative expenses were Baht 43.08 million, which increased from the same period of previous year by Baht 1.30 million or 3.12% due to its subsidiaries employee's expenses increased.

#### (7) Financial cost

The Company and its subsidiaries' financial cost from loan and permission note were Baht 21.48 million or increased from the same period of previous year by Baht 8.52 million or 65.66% due to its subsidiaries financial cost recorded in asset for construction.

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

In the first quarter of 2020, the Company recognized the profit sharing from Mctric Public Company Limited for the amount of Baht 0.98 million and the profit sharing amount of Baht 2.57 million from Wisdom Tree Investment (S) PTE. Limited, which the Company recognized the net profit sharing Baht 3.55 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 5.26 million and the loss sharing from Wisdom Tree Investment (S) PTE. Limited. at the amount of Baht 8.73 million.

## 2. Financial Analysis

(Unit: Million Baht)

Items	31 March 2019	31 December 2018	Increase (Decrease)	%
Net Assets	5,962.34	5,885.03	77.31	1.31
Net Liabilities	2,309.57	2,076.68	232.88	11.21
Shareholders' equity	3,652.78	3,808.35	(155.57)	(4.08)

### Assets

As at March 31, 2020, the Company and its subsidiaries had total assets of Baht 5,962.34 million, increased by Baht 77.31 million or 1.31% comparing with December 31, 2019 due to

1. An increase in inventories at amount of Baht 17.38 million which was due to delay of project and delivery from private sector.
2. A decrease in trade accounts receivable at amount of Baht 24.51 million due to the impairment of trade receivables increased by Baht 55.07 million (according to Thai Financial Reporting Standards TFRS 9 "Financial Instruments") and receivables from subsidiaries increased by Baht 25 million.
3. A decrease in investment in available-for-sales securities (MILL) at amount of Baht 100.84 million due to market price was decreased from 0.69 Baht/share at 31 December 2019 to 0.56 Baht/share in first quarter of 2020 and decrease in deferred tax asset at amount of Baht 20.17 million.
4. An increase in investments in associated company and joint venture at amount of Baht 6.98 million due to sharing from profit on investment in associated company and joint venture at amount of Baht 3.56 million and gain in exchange rate at amount of Baht 5.30 million and recorded retain losses at amount of Baht 1.88 million.
5. Recoded asset usage right in first quarter of 2020 at amount of Baht 172.71 million (according to Thai Financial Reporting Standards TFRS 16 "Leases")

### Liabilities

As at 31 March 2020, the Company and its subsidiaries' liabilities was Baht 2,309.57 million, increased by Baht 232.88 million or 11.21% comparing with 31 December 2019 due to



GENERAL ENGINEERING PLC

44/2 Moo 2 Tivanont Rd., Bangkadee, Muang, Pathumthani 12000 Thailand  
Tel. 66(0)2501-2020 (Auto), 2501-2462-67, 2501-1055 (Auto) 2501-2128-31  
Fax. 66(0)2501-2134, 2501-2468

บริษัท เจเนอรัล เอนจิเนียริ่ง จำกัด (มหาชน)

44/2 หมู่ 2 ถนนติวานนท์ ต. บางกะดี อ. เมือง จ. ปทุมธานี 12000  
โทร. 66(0)2501-2020 (Auto), 2501-2462-67, 2501-1055 (Auto) 2501-2128-31  
โทรสาร. 66(0)2501-2134, 2501-2468

1. Short - term loan from financial institutions was Baht 614.17 million increased by Baht 20.64 million.
2. Trade and other payable was Baht 524.62 million increased by Baht 68.51 million due to an increase in supplier and contractor.
3. Long – term loan from financial institutions was Baht 665.44 million decreased by Baht 40.30 million due to repayment.
4. Recorded leases in first quarter of 2020 at amount of Baht 174.12 million (according to Thai Financial Reporting Standards TFRS 16 "Leases")

**Shareholders' equity**

As at 31 March 2020, the shareholders' equity of the Company and its subsidiaries were Bath 3,652.78 million, decreased by Baht 155.57 million or 4.08% from 31 December 2019 due to a decrease in market price of investment in available-for-sales securities which amount of Baht 80.97 million. In addition, the operating result of the Company and its subsidiaries in the first quarter of 2020 showing net loss Baht 54.90 million and adjusted an additional loss due to the allowance for impairment of credit loss expected to occur in the amount of Baht 22 million resulting in a decrease in shareholders' equity.

Yours sincerely,

General Engineering Public Company Limited

*-signed-*

(Mr. Wuttichai Sresthabutra)  
Director