



GEL.CS.011/2563

14 August 2020

Subject: Management Discussion and Financial Analysis for the operating results of the second quarter of 2020, ended June 30, 2020

To: Director and Manager
The Stock Exchange of Thailand

The Board of Director's meeting No. 5/2020 of General Engineering Public Company Limited ("the Company") held on August 14, 2020 has approved and verified the financial statements of the Company and its subsidiaries for the second quarter of 2020 which reviewed by the auditor of the Company. Details are as follows.

1. The Operating Results Analysis

For the second quarter of 2020, ended June 30, 2020

The operating results of the Company and its subsidiaries for the second quarter of 2020, ended June 30, 2020 was described in the financial statement showing net loss at the amount of Baht 52.61 million, comparing with the same period of previous year, the net loss at the amount of Baht 65.41 million. In the second quarter of 2020, the net loss was decreased by Baht 12.80 million which details are as following;

(1) Revenue from sales

In the second quarter of 2020, the Company and its subsidiaries had total revenue from sales at the amount of Baht 419.35 million, which decreased from the same period of previous year by Baht 90.38 million or 17.73%. 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. The Company's subsidiaries have increased work deliveries compared to the same period of previous year.

(2) Cost of sales

In the second quarter of 2020, the Company and its subsidiaries had total cost of sales at the amount of Baht 424.77 million, which decreased from the same period of previous year by Baht 84.13 million or 16.53% due to the cost of sales varies according to the decrease in revenue while the subsidiary cost of sales was decreased due to its production was increased compare to the same period of previous year.

(3) Gross profit

The Company and its subsidiaries' total gross loss were Baht 5.42 million compare to the same period of previous year which total gross profit were Baht 0.82 million, due to delay in work delivery and production order. As a result, the cost of sales per unit increased.

(4) Dividend income

In the second quarter of 2019, the Company received dividend from Millcon Steel Public Company Limited at the rate Baht of 0.03 per share, totaling Baht 23.36 million but in the same period of 2020, there is no dividend income.



(5) Administrative and Selling expenses

The Company and its subsidiaries had administrative and selling expenses at the amount of Baht 30.00 million, decreased from the same period of previous year by Baht 40.55 million or 57.48%.

(6) Financial cost

The Company and its subsidiaries' financial cost from loan and permission note were Baht 16.89 million or decreased from the same period of previous year by Baht 1.18 million or 6.57% due to the interest rate was decreased and repayment term loan.

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

In the second quarter of 2020, the Company recognized the profit sharing from Mctric Public Company Limited for the amount of Baht 1 million and the loss sharing amount of Baht 2 million from Wisdom Tree Investment (S) PTE. Limited, which the Company recognized the net loss sharing Baht 1 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 5.25 million and the loss sharing from Wisdom Tree Investment (S) PTE. Limited. at the amount of Baht 8.49 million.

2. The Operating Results Analysis

For the first half of 2020, ended June 30, 2020

The operating results of the Company and its subsidiaries for the first half of 2020, ended June 30, 2020 was described in the financial statement showing net loss at the amount of Baht 107.55 million, comparing with the same period of previous year, the net loss at the amount of Baht 89.93 million. In the first half of 2020, the net loss was increased by Baht 17.62 million which details are as following;

(1) Revenue from sales

In the first half of 2020, the Company and its subsidiaries had total revenue from sales at the amount of Baht 818.11 million, which decreased from the same period of previous year by Baht 351.54 million or 30.05%. 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. The Company's subsidiaries have increased work deliveries compared to the same period of previous year.

(2) Cost of sales

In the second quarter of 2020, the Company and its subsidiaries had total cost of sales at the amount of Baht 817.27 million, which decreased from the same period of previous year by Baht 306.54 million or 27.28% due to the cost of sales varies according to the decrease in revenue while the subsidiary cost of sales was decreased due to its production was increased compare to the same period of previous year.

(3) Gross profit

The Company and its subsidiaries' total gross profit were Baht 0.84 million, which decreased from the same period of previous year by Baht 44.99 million or 98.16%, due to delay in work delivery and production order. As a result, the cost of sales per unit increased.

(4) Dividend income

In the first half of 2020, the Company received dividend from Millcon Steel Public Company Limited at the rate Baht of 0.02 per share, totaling Baht 15.57 million compare to the same period of

2019, the Company received dividend from Millcon Steel Public Company Limited at the rate Baht of 0.03 per share, totaling Baht 23.36 million

(5) Administrative and Selling expenses

The Company and its subsidiaries had administrative and selling expenses at the amount of Baht 81.32 million, decreased from the same period of previous year by Baht 42.29 million or 34.21%.

(6) Financial cost

The Company and its subsidiaries' financial cost from loan and permission note were Baht 38.37 million or decreased from the same period of previous year by Baht 7.32 million or 23.58% due to the interest rate was decreased and repayment term loan.

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

In the first half of 2020, the Company recognized the loss sharing from Mctric Public Company Limited for the amount of Baht 0.50 million and the profit sharing amount of Baht 0.40 million from Wisdom Tree Investment (S) PTE. Limited, which the Company recognized the net loss sharing Baht 0.10 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 10.51 million and the loss sharing from Wisdom Tree Investment (S) PTE. Limited. at the amount of Baht 17.22 million.

3. Financial Analysis

(Unit: Million Baht)

Items	31 March 2019	31 December 2018	Increase (Decrease)	%
Net Assets	5,976.43	5,885.03	91.4	1.55
Net Liabilities	2,261.72	2,076.68	185.04	8.91
Shareholders' equity	3,714.71	3,808.35	(93.64)	(2.46)

Assets

As at June 30, 2020, the Company and its subsidiaries had total assets of Baht 5,976.43 million, increased by Baht 91.40 million or 1.55% comparing with December 31, 2019 due to

1. A decrease in inventories at amount of Baht 19.56 million which was due to better stock movement.
2. A decrease in trade accounts receivable and retention receivable at amount of Baht 56.95.
3. An increase in investment in available-for-sales securities (MILL) at amount of Baht 23 million due to market price was increased from 0.69 Baht/share at 31 December 2019 to 0.72 Baht/share in second quarter of 2020
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 increase in deficit at amount of Baht 1.89 million.
5. Recoded asset usage right in first quarter of 2020 at amount of Baht 131.03 million (according to Thai Financial Reporting Standards TFRS 16 "Leases")

Liabilities

As at June 30, 2020, the Company and its subsidiaries' liabilities was Baht 2,261.72 million, increased by Baht 185.04 million or 8.91% comparing with 31 December 2019 due to



1. Trade and other payable was Baht 559.79 million increased by Baht 103.69 million due to an increase in supplier and contractor.
2. Long – term loan from financial institutions was Baht 70.83 million decreased by Baht 119.69 million due to repayment.
3. Recorded liability under lease agreement over 1 year in second quarter of 2020 increased by Baht 117.92 million (according to Thai Financial Reporting Standards TFRS 16 "Leases").
4. Employee benefit obligation was decreased by Baht 23.65 million due to decrease in employee.

Shareholders' equity

As at June 30, 2020, the shareholders' equity of the Company and its subsidiaries were Bath 3,714.71 million, decreased by Baht 93.64 million or 2.46% from 31 December 2019 due to an increase in market price of investment in available-for-sales securities which amount of Baht 23 million due to increase in market price and the operating result of the Company and its subsidiaries in the second quarter of 2020 showing net loss Baht 107.55 million which resulting in a decrease in shareholders' equity.

Yours sincerely,
General Engineering Public Company Limited

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(Mr. Wuttichai Sresthabutra)
Director