

14 August 2019

SET. 2019/08/008

Subject: To clarify the operating results for the second quarter of 2019

Attention: President

The Stock Exchange of Thailand

Pre-Built Public Company Limited would like to submit the financial statement ended on 30 June 2019 which is reviewed by the authorized auditor. The operating results in the second quarter of 2019 compared to those in the second quarter of 2018, the Company hereby clarifies the changes in the performance as follows:

Comparative Profit and Loss Statement (Partial)

Unit : Million Baht	Consolidated				Consolidated		
	Q2 2019	Q2 2018	Variance		Q1-Q2 2019	Q1-Q2 2018	Variance
Revenues – construction	893.05	835.86	57.39		1,774.52	1,953.36	(178.84)
Revenues – sales of goods	101.29	84.72	16.57		220.57	182.75	37.82
Total revenues	994.34	920.38	73.96		1,995.09	2,136.11	(141.02)
Cost of construction	771.30	669.86	101.44		1,484.26	1,579.46	(95.2)
Cost of sales of goods	76.16	61.62	14.54		173.95	142.30	31.65
Total cost	847.46	731.48	115.98		1,658.21	1,721.76	(63.55)
Gross profit - construction	121.74	165.8	(44.06)		336.88	373.9	(37.02)
%	13.63%	19.8%	(6.17%)		16.9%	19.1%	(2.2%)
Gross profit - sales of goods	25.13	23.1	2.03		46.62	40.45	6.17
%	24.81%	27.3%	(2.49%)		21.13%	22.1%	(0.97%)
Total gross profit	146.87	188.9	(42.03)		336.88	414.35	(77.47)
%	14.77%	20.5%	(5.73%)		16.89%	19.4%	(2.51)
Net profit – continuing operations	62.55	104.07	(41.52)		152.69	248.3	(95.61)

Revenue and net profit margin

- In the second quarter consolidated financial statement ended on 30 June 2019, the Company had the consolidated revenues increased by THB 73.96 million, compared to the same period of the last year. However, the total revenues of the Company in the first half year 2019 decreased by THB 141.02 million, compared to the same period of the last year. A mainly decrease in revenue was from construction business by Baht 178.84 million, Nevertheless, revenue from production and sales of construction materials increased by Baht 37.82million. Revenue from construction business decrease due to the shrinkage of economic both in and outside country, US-China trade war and the policy of BOT regarding the tightness in mortgage lending of Commercial bank in order to prevent the rising household debt. As a result, it affected to a shrink in domestic and foreigners demand in condominium, which most of them as

a speculator. It also impacted to real estate developers, especially condominium projects which those are key customers of the Company. Many developers have slowed down the project as well as the construction since the economic uncertainty and fewer sales. Thus, the Company had a drop in revenue for construction business.

- As results, the gross profit from construction business decreased in this period, comparing to previous year. Apart from the above-mentioned factors, the fixed cost, such as wages affected to the gross profit margin as well. Moreover, the company has two completed projects delivered to the customers, which were quite high value, but there was no profit (This resulting will slightly affect to performance in third quarter).
- The Company had a good profit margin in precast manufacturing even if the average in net profit of the first half was lower than last year because the high profit product did not delivery in this period but it will be delivered in the second half of the year. It is expected that the company can maintain net profit margin closely to previous year.

Net Profit

- In the second quarter of 2019, the profit of the Company was THB 53 million, comparing to the same period of previous year at Baht 104 million, decreasing by THB 51 million which cause from a decrease in construction business revenue and net profit margin and expense of real estate development business which its revenue did not recognize yet.
- This quarter, the Company has recorded the change of labor law in consolidated financial statement at THB 13 million. As a result, administrative expenses of the Company were higher than previous quarter.

The impact of forecasting

- The impact of slow economy on real estate developer especially high rise projects which has more supply result to the competitive bidding in construction business. The margin in new project will decrease. As a result, there was an adjustment in profit margin for this year and the next year which the new profit margin is expected at 12%-15%.
- Short-term forecast for the second half of the year is expected that the impact from mentioned factors will affect to construction business. However, in the fourth quarter consolidated financial statement, the Company expected to record gross profit from Quinto project, which was estimated in transfer at 60% this year. It is expected that consolidated financial statement will record the performance slightly like previous year.
- An investment in other projects and real estate development, the Company has altered to housing projects due to the less speculation.

Comparative Balance Sheet (Partial)

Unit : Million Baht	30 June 2019	31 Dec 2018	Variance
Cash and cash equivalents	385.15	440.67	(55.52)
Current investments	228.43	308.07	(79.64)
Land and cost of project under construction	1,702.01	1,419.53	282.48
Total assets	5,566.22	5,029.63	536.59
Loan	1,497.54	886.24	611.3
Total Liabilities	3,411.93	2,765.99	645.94
Retained earnings	1,524.36	1,633.71	(109.35)
Total shareholders' equity	2,154.29	2,263.64	(109.35)
Total liabilities and shareholders' equity	5,566.22	5,029.63	536.59
Debt to equity ratio	1.58	1.22	0.36

- The Company had loan from financial institutions at THB 500 million for real estate development business. As a result, debt to equity ratio in the second quarter of 2019 was at 1.58, which the Company has a policy to control the debt to equity ratio not to be higher than 2:1.
- The Company's backlog in the second quarter of 2019 worth Baht 8.45 billion.

Please be informed accordingly.

Your sincerely,

Pre-Built Public Company Limited

(WirotCharoentra)

Managing Director