

14 November 2019

SET. 2019/11/011

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

Attention: President

The Stock Exchange of Thailand

Pre-Built Public Company Limited would like to submit the financial statements ended 30 September 2019, and reviewed by the authorized auditor. The operating results in the third quarter of 2019 compared to those in the third 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		
	Q32019	Q32018	Variance	Q1-Q32019	Q1-Q32018	Variance
Revenues – construction	946.82	763.74	183.07	2,721.34	2,717.11	4.23
Revenues – sales of goods	163.77	149.20	14.57	384.34	331.94	52.40
<b>Total revenues</b>	<b>1,110.59</b>	<b>912.94</b>	<b>197.64</b>	<b>3,105.68</b>	<b>3,049.05</b>	<b>56.63</b>
Cost of construction	846.02	619.17	226.85	2,330.28	2,198.62	131.66
Cost of sales of goods	130.67	109.51	21.16	304.63	251.81	52.82
<b>Total cost</b>	<b>976.69</b>	<b>728.68</b>	<b>248.02</b>	<b>2,634.91</b>	<b>2,450.44</b>	<b>184.47</b>
Gross profit - construction	100.80	144.58	(43.78)	391.06	518.49	(127.43)
%	10.6%	18.9%	(8.3%)	14.4%	19.1%	(4.7%)
Gross profit - sales of goods	33.10	39.68	(6.58)	79.71	80.13	(0.42)
%	20.2%	26.6%	(6.4%)	20.7%	24.1%	(3.4%)
Total gross profit	133.89	184.26	(50.37)	470.78	598.62	(127.84)
%	12.1%	20.2%	(8.1%)	15.2%	19.6%	(4.4%)
Administrative expenses	64.70	74.07	(9.37)	210.39	193.21	17.18
Finance costs	5.05	0.05	5.00	13.29	0.06	13.23
Profit (loss) from investment	(1.95)	(6.10)	4.15	(6.31)	(9.20)	(2.89)
Net profit – continuing operations	57.69	83.87	(26.18)	210.38	332.18	(121.8)

### **Revenue and net profit margin**

- In the consolidated financial statement for 9 months ended 30 September 2019, the Company had the consolidated revenues increased by THB 56.63 million, compared to the same period last year. The main increase in revenue was from production and sales of construction materials of THB 52.40 million.
- The drop in performance was mainly caused by the domestic and global economic slowdown, threats of US-China trade war and the BOT regulations regarding the restrictions in mortgage lending of commercial banks in order to slow down the rising household debts. This period gross margin in construction was shown at 14.4% which is in line with the Company's forecasted range of 12%-15%.
- PCM, the Company subsidiary, is also the dealer of concrete product which generates relatively low profit margin. The increase in concrete sale as a wholesaler caused the drop in gross profit margin. However, the gross profit of 9 months this year presents closed to last year.

### **Net Profit**

- Surrounded by negative factors, the Company has been able to generate the profit of THB 210.38 million for 9 months of this year. Both Construction and Construction Material Production business segments remain profitable without any additional investment. As such, the Company Management has decided to pay the interim dividends of THB 0.20 per share.

### **The impact on financial forecasts**

- The economic slowdown has impact on property sector especially high rise projects and this leads to more competitive bidding in construction business followed by shrinking margin. As a result, the Management has revised forecasted profit margin for this year and next year to fall in the range of 12%-15%.
- For the Construction Material Production and Sale business, the Company has expected its performance will be better than last year, even though the cost of employee benefit based on new Labor Law announcement was adjusted in Q2 of 2019.
- Management has expected the above mentioned factors would affect the construction business in the latter half of the year. However, the Company's performance in quarter 4 should be better due to profit from Quinto project to be recorded in the fourth quarter this year (estimated transfer at 60%).
- The Company has turned to focus more on housing projects due to less speculation. The "loss of investment" decreased in this quarter due to gradually recorded income from Quinto Project and more income to come in the fourth quarter. The project should be completed in the first half of 2020.

**Comparative Balance Sheet (Partial)**

<b>Unit : Million Baht</b>	<b>30 Sep. 2019</b>	<b>31 Dec. 2018</b>	<b>Variance</b>
Cash and cash equivalents	440.79	440.67	0.12
Current investments	280.51	308.07	(27.56)
Land and cost of project under construction	1,737.44	1,419.53	317.91
Total assets	5,660.21	5,029.63	630.58
Loan	1,516.10	886.24	629.86
Total Liabilities	3,448.22	2,765.99	682.23
Retained earnings	1,582.06	1,633.71	(51.65)
Total shareholders' equity	2,211.99	2,263.64	(51.65)
Total liabilities and shareholders' equity	5,660.21	5,029.63	630.58
Debt to equity ratio	1.56	1.22	0.34

- Additional loan from financial institutions of THB 500 million is for real estate development business. As a result, debt to equity ratio in the third quarter of 2019 rose to 1.56 times. The Company has a policy to control its debt to equity ratio not to be higher than 2 times.
- At the end of the third quarter of 2019, the Company's backlog was worth THB 9.55 billion.

Please be informed accordingly.

Yours sincerely,

Pre-Built Public Company Limited

(Wirod Charoentra)

Managing Director