

Management Discussion and Analysis (“MD&A”)

The 1st Quarter of 2020 Operating Performance

of TRC Construction Public Company Limited and Its Subsidiaries

(Unit : Million Baht)

	the 1 st Qtr 2020	the 1 st Qtr 2019	Change (the 1 st Qtr 2020 - the 1 st Qtr 2019)	
			Amount	Percentage
Construction services income	951.33	789.53	161.80	20.49
Cost of construction services	-854.98	-755.05	99.93	13.23
Gross profit (loss) for construction services income	96.35	34.48	61.87	179.44
Other service income	4.23	2.87	1.36	47.39
Cost of other services	-2.64	-2.14	0.50	23.36
Gross profit (loss) for other service income	1.59	0.73	0.86	117.81
Interest and other income	7.80	9.33	-1.53	-16.40
Administrative expenses	-80.86	-82.08	-1.22	-1.49
Doubtful debt (+reversal)				
Profit (loss) before share of profit (loss) from investments in associate and joint venture, finance cost and income tax expenses	24.88	-37.54	62.42	166.28
Share of profit (loss) from investments in associate	-1.60	0.00	-1.60	N/A
Share of profit (loss) from investment in joint venture	-0.26	1.08	-1.34	-124.07
Finance cost	-5.71	-8.75	-3.04	-34.74
Profit (loss) before income tax expenses	17.31	-45.21	62.52	138.29
Income tax expenses	-6.12	-3.03	3.09	101.98
Non-controlling interests of the subsidiaries	0.45	0.43	0.02	4.65
Profit (loss) attribute to equity holders of the Company	11.64	-47.81	59.45	124.35
Earnings (loss) per Share (Baht)	0.0012	-0.0078		
Gross Profit Margin for construction services income	10.13%	4.37%		
Gross Profit Margin for other service income	37.59%	25.44%		
Net Profit (loss) Margin	1.21%	-5.96%		
Debt to Equity (Time(s))	3.30	3.95		

The 1st Quarter of 2020 Operating Performance Summary

1. **Construction services income** was recorded at Baht 951.33 million, increasing by Baht 161.80 million or representing 20.49% from the same period of last year that was recognized from the closing phase pipeline project, carried forward from previous year at Baht 163.10 million. Whereas, the revenue of this period was recognized from civil work at Baht 476.61 million, piping work at Baht 338.22 million and engineering work at Baht 134.39 million, the significant projects such as the Block valve & facility stations of the 5th Transmission Pipeline Project Phase 1 of PTT Public Company Limited that has been awarded from Sinopec International Petroleum Service Corporation which is a main contractor and the Construction of Refined Glycerin Plant Project of Bangchak Biofuel Company Limited.

2. Other service income was recorded at Baht 4.23 million, increasing by Baht 1.36 million or representing 47.39% from the same period of last year which was revenue from water selling to industry and community in Pluak Daeng District, Rayong Province of TRC Utility Co., Ltd (a subsidiary).

3. Gross profit for construction services income was Baht 96.35 million, representing at 10.13% gross profit margin. The gross profit margin from construction services increased from the 1st quarter of 2019 which was at 4.37% gross profit margin because the cost estimation of closing phase engineering work project was adjusted to be in line with the actual cost, caused the gross profit margin of last period lower than the Company's average.

4. Administrative expenses and finance cost were Baht 80.86 million and Baht 5.71 million, respectively. Administrative expenses slightly decreased by Baht 1.22 million or representing 1.49%. Finance cost decreased by Baht 3.04 million or representing 34.74% due to the reduction of debenture interests that the Company has repaid the interests of Baht 180 million debentures in same period of last year and this period repaid the interest of the remaining Baht 30 million debenture. In March 2020, the remaining debenture has been redeemed and at the end of quarter, there is no any debenture.

5. Profit (loss) attribute to equity holders of the Company was Baht 11.64 million, representing 1.21% net loss margin whereas the same period of last year, the net loss was at 47.81 million, representing 5.96% net loss margin.

Backlog on Hand

As at 31 March 2020, the Company and its subsidiaries had projects on hand with the remaining uncompleted works as follows;

	Number of the Projects	Uncompleted Work Value (Million Baht)
TRC Construction Public Company Limited	5	2,048.63
Sahakarn Wisavakorn Company Limited	14	6,626.55
Total	19	8,675.18

Significant Events during the 1st Quarter of 2020 - Present

- **During the 1st Quarter of 2020, TRC Group obtained 6 projects, total of Baht 1,073.76 million**
 - **TRC:** 3 projects, total of Baht 244.57 million, the significant projects is the Piping Spool Fabrication Works Project (Clean Fuel Project at Sriracha Refinery) from a Joint Venture Petrofac South East Asia Pte. Ltd., Saipem Singapore Pte. Ltd. and Samsung Engineering (Thailand) Co., Ltd. The project's work value is Baht 235.57 million with 13 months construction period.
 - **Sahakarn Wisavakorn Co., Ltd. (SKW):** 3 projects, total of Baht 829.19 million, the significant projects is the Medical Building for Tha Bo Crown Prince Hospital from Nong Khai province. The project's work value is Baht 691.44 million with 30 months construction period.

(Mr. Pasit Leesakul)

Director and Chief Executive Officer

13 May 2020