

No. ETE-64/021

Date 12 May 2021

Subject Explanation and analysis from the management team regarding the performance results for the first quarter ended 31 March 2021

To The President of The Stock Exchange of Thailand

The Eastern Technical Engineering Public Co., Ltd. (hereinafter referred to as “the Company”) wishes to clarify the overall performance results of the Company and subsidiaries, for the first quarter ended 31 March 2021, which has been approved by the Board of Directors meeting no. 2/2021 held on 12 May 2021 with details as follows.

Performance results for the three-month ended 31 March 2021

Consolidated financial information (Unit : Million Baht)				
3 Months				
	2021	2020	Change	% Change
Revenue from construction service	171.33	113.06	58.27	51.54%
Revenue from management service	196.81	231.82	(35.01)	-15.10%
Revenue from solar energy	37.41	37.06	0.35	0.95%
Revenue	405.55	381.94	23.61	6.18%
Cost	348.20	329.27	18.93	5.75%
Gross profit	57.35	52.67	4.68	8.89%
Other income	3.16	0.14	3.02	2094.06%
Selling & Admin expenses	32.80	30.31	2.49	8.22%
Finance costs	8.92	13.21	(4.29)	-32.45%
Share of loss from associate	0.10	0.00	0.09	0.00%
Income(Revenue) tax expense	4.56	(0.15)	4.72	-3101.25%
Profit for the period	14.13	9.44	4.69	49.65%

The Company and subsidiaries have a net profit for the first quarter ended 31 March 2021 at Baht 14.13 million, increased Baht 4.69 million or increased 49.65% when compared with the same period of the year prior where the net profit was Baht 9.44 million due to the following reasons.

Revenue

The Company and subsidiaries have a total revenue for the first quarter ended 31 March 2021 at Baht 405.55 million, increased Baht 23.61 million or increased 6.18 % when compared with the same period of the previous year where the total revenue was at Baht 381.94 million. The following conclusions can be drawn.

1. Revenue from construction service for the first quarter ended 31 March 2021 was at Baht 171.33 million, increased Baht 58.27 million or increased 51.54% compared to the revenue of the same period of the previous year, the revenue received was Baht 113.06 million. Such increased revenue was in line with recognition of successful milestones of the engineering services' projects.
2. Revenue from management service for the first quarter ended 31 March 2021 was at Baht 196.81 million, decreased Baht 35.01 million or decreased 15.10% when compared to the same period of the previous year for which the revenue was at Baht 231.82 million. Due to existing outbreak of coronavirus (Covid-19) situation, many entities cut the budget and delayed the procurement, hence the Management considered to accept the works which did not have risks from project delay or budget cut in the future.
3. Revenue from solar energy for the first quarter ended 31 March 2021 was at Baht 37.41 million, increased Baht 0.35 million when compared to the same period of the previous year where revenue was at Baht 37.06 million.

Costs

The total costs for the first quarter ended 31 March 2021 was Baht 348.20 million, increased Baht 18.93 million or increased 5.75% when compared to the same time of the previous year where the total costs were Baht 329.27 million due to the increase in revenue from construction service.

Other income

Other income for the first quarter ended 31 March 2021 was Baht 3.16 million, increased Baht 3.02 million when compared to the same period of the previous year which was at Baht 0.14 million. This is due to receiving income compensation from damage incurred in power converters of solar energy business.

Selling and administrative expenses

Selling and administrative expenses for the first quarter ended 31 March 2021 was at Baht 32.80 million, increased Baht 2.49 million or increased 8.22% compared to the same period of the previous year which was at Baht 30.31 million. This was due to the increase in employee expenses and from loss from asset depreciation as a result of the damaged electric inverter incident of solar energy business.

Financial cost

Financial costs for the first quarter ended 31 March 2021 was at Baht 8.92 million, decreased Baht 4.29 million or decreased 32.45% compared to the same period of the previous year which was at Baht 13.21 million due to the gradual repayment of long-term debts from renewable energy projects from solar energy and a decrease in bank overdrafts and short-term borrowing from financial institutions.

Income (Revenue) tax expenses

Income tax expenses for the first quarter ended 31 March 2021 was at Baht 4.56 million, increased Baht 4.72 million compared to the same period of the previous year due to the classification of common costs in accordance with the actual work of each company. Consequently, the Company has operating profits, which made income tax expenses increase accordingly.

Financial status as of 31 March 2021

Consolidated financial information (Unit : Million Baht)			
	March 31	December 31	Change
	2021	2020	
Current assets	760.63	762.73	(2.09)
Non-current assets	1,178.71	1,188.31	(9.60)
Total assets	1,939.35	1,951.04	(11.69)
Current liabilities	570.72	585.90	(15.18)
Non-current liabilities	471.28	481.90	(10.62)
Total liabilities	1,042.00	1,067.80	(25.80)
Equity	897.35	883.24	14.11

Total assets

The Company and subsidiaries have a total asset as of 31 March 2021 at Baht 1,939.35 million, a decrease from the end of 2020 at Baht 11.69 million. Was due to the following main reasons.

- Cash and cash equivalents in the amount of Baht 46.29 million, increased Baht 11.59 million from the end of 2020 from the normal circulation used in operating the business.
- Trade accounts and other receivables amounted to Baht 336.19 million, decreased Baht 14.90 million from the end of 2020 due to the collection of payments all reached maturity.

- Contract assets amounted to Baht 268.34 million, increased Baht 84.20 million from the end of 2020 thanks to revenue from engineering services because the works can be successfully completed as per milestones.
- Inventory amounted to Baht 84.69 million, decreased Baht 80.91 million from the end of 2020 because they have been installed in the projects of engineering services.
- Deferred tax assets amounted to Baht 18.41 million, decreased Baht 2.98 million from the end of 2020 As the Company has operating profits, so the Company exercised the right on net loss carry forwards, thus deferred tax assets was decreased accordingly.

Total Liabilities

The Company and subsidiaries had total liabilities as of 31 March 2021 at Baht 1,042.00 million, a decrease of Baht 25.80 million from the end of 2020 due to the following main reasons.

- Bank overdrafts and short-term loans from financial institutions amounting to Baht 282.03 million, increase of Baht 10.14 million from the end of 2020 to use as revolving credit for the groups.
- Long-term loans from financial institutions in the amount of Baht 426.64 million, a decrease of Baht 17.32 million from the end of 2020 due to regular loan payments. This amount was used for investing in solar renewable energy business.
- Trade payables and other payables in the amount of Baht 194.84 million, a decrease of Baht 17.30 million from the end of 2020 due to a decrease in trade payables and accrued construction costs resulting from payment of debt when due.

Equity

The Company and its Subsidiaries have shareholders' equity as of March 31, 2021 in the amount of Baht 897.35 million, an increase from 31 December 2020 at Baht 14.11 million due to the Company's operating results with profit making the Company's retained earnings to increase.

Please be informed accordingly.

Yours Respectfully,

(Mr. Preecha Suan)

Chef Financial Officer