

## Management Discussion and Analysis (“MD&A”)

### The 2020 Operating Performance

#### of TRC Construction Public Company Limited and Its Subsidiaries

##### Performance of the 4 Quarter 2020 & 2020 Comparison with 2019

	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	Y2019	Y2020	Change	
	2019	2020			Amount	%
Construction services income	968.22	863.54	3,365.40	3,117.87	-247.53	-7.36
Cost of construction services	-1,038.59	-788.04	-3,312.21	-3,304.51	-7.70	-0.23
<b>Gross profit (loss) for construction services income</b>	<b>-70.37</b>	<b>75.50</b>	<b>53.19</b>	<b>-186.64</b>	<b>239.83</b>	<b>450.89</b>
Other service income	3.53	5.50	13.06	20.55	7.49	57.35
Cost of other services	-2.32	-3.81	-8.96	-13.77	4.81	53.68
<b>Gross profit (loss) for other service income</b>	<b>1.21</b>	<b>1.69</b>	<b>4.10</b>	<b>6.78</b>	<b>2.68</b>	<b>65.37</b>
Sales income		5.01		7.51	7.51	N/A
Cost of sales		-4.25		-6.37	6.37	N/A
<b>Gross profit (loss) for sales</b>		<b>0.76</b>		<b>1.14</b>	<b>1.14</b>	<b>N/A</b>
Interest and other income	10.63	12.76	48.15	50.11	1.96	4.07
Administrative expenses	-134.97	-75.77	-376.26	-312.90	-63.36	-16.84
Bad debt and doubtful debt	-0.43	0.00	-0.43	0.00	0.43	100.00
<b>Profit (loss) before share of profit (loss) from investments in associate and joint venture, finance cost and income tax expenses</b>	<b>-193.93</b>	<b>14.94</b>	<b>-271.25</b>	<b>-441.51</b>	<b>170.26</b>	<b>62.77</b>
Share of profit (loss) from investment in joint venture	-0.41	-0.51	1.62	-2.85	-4.47	-275.93
Finance cost	-6.77	-5.95	-31.56	-23.48	-8.08	-25.60
<b>Profit (loss) before income tax expenses</b>	<b>-201.11</b>	<b>8.48</b>	<b>-301.19</b>	<b>-467.84</b>	<b>166.65</b>	<b>55.33</b>
Income tax expenses	16.72	-5.71	6.11	20.73	14.62	239.28
Non-controlling interests of the subsidiaries	0.43	0.46	1.80	2.94	1.14	63.33
<b>Profit (loss) attribute to equity holders of the Company</b>	<b>-183.96</b>	<b>3.23</b>	<b>-293.28</b>	<b>-444.17</b>	<b>150.89</b>	<b>51.45</b>
Earnings per Share (Baht)			-0.038	-0.046		
Gross Profit Margin for construction services income	-7.27%	8.74%	1.58%	-5.99%		
Gross Profit Margin for other service income	34.28%	30.73%	31.39%	32.99%		
Gross Profit Margin for sales		15.17%		15.18%		
Net Profit (loss) Margin	-18.73%	0.37%	-8.56%	-13.93%		
Debt to Equity (Time(s))			3.43	8.27		

#### The 2020 Operating Performance Summary

1. **Construction services income** was recorded at Baht 3,117.87 million, decreasing by Baht 247.53 million from the same period of last year or representing at 7.36% because the discontinuity of operation work for few big projects including the impact from widespread of COVID-19 that the owners strictly implemented the rule and regulation of construction area entry and the impact on supply chains such as the postponement of travelling schedule of specialist from overseas and the supply of equipment and machinery that affected the recognition of construction service income is inconsistent with the

revenue forecast. The revenue of this period was recognized from civil work at Baht 1,962.72 million, piping work at Baht 911.65 million and engineering work at Baht 240.99 million that came from the significant projects such as the Raw Water Pipeline System Klong Luang Reservoir-Chonburi Project, 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 overpass bridge Na Ranong intersection with underground electrical cable system project.

**2. Other service income** were recorded at Baht 20.55 million, increasing by Baht 7.49 million from the same period of last year or represented at 57.35 which was from water selling to industry and community in Pluak Daeng District, Rayong Province of TRC Utility Company Limited (subsidiary) and data analysis service and platform management through IoT system of Olive Technology Company Limited (subsidiary) which registered on 9 March 2020 and started to operate in the 3<sup>rd</sup> quarter 2020.

**3. Gross loss for construction services** was Baht 186.64 million, representing at -5.99% of the gross margin. Gross loss of this year significantly increased because the increase of budgeted cost of the Smart Warehouse project. The main cost increased because we found many huge rocks more than 700 tons during the soil boring test which did not show on bidding document. After found the problem, the Company executed the operation according the engineering and legal procedure and hired specialist in foundation and structural work to solve the problem. Besides many huge rocks, also found soft soils beneath construction area that obstructed the operation is slow and need more careful because it is the construction of 40 meter height smart warehouse. The solution of construction impacted on labor cost, material cost and other related cost as well as other consequential works because the construction is more complicated. The Company requested to extend the project period and caused expenses significantly increased. Consequently, the Company recognized total expected losses caused the company had gross loss of Baht 261.76 million in first nine months and then has recovered to have the operating gross profit of Baht 75.50 million in 4<sup>th</sup> quarter.

**4. Administrative expenses and finance cost** were Baht 312.90 million and Baht 23.48 million, respectively. Administrative expenses decreased by Baht 63.36 million from the same period of last year or representing at 16.84%. From the situation of widespread of COVID-19 since the end of 2020, the company has foreseen impact from this situation therefore proceed the necessary expenditure control but still maintain the productive operating. In 2020 from the said operating result, the Company was able to successfully reduce and control cost as according the budget. Meanwhile, Finance cost decreased by Baht 8.08 million or representing at 25.60% because the interest rates for short-term loan decreased according to the financial market. As of 31 December 2020, the short-term loans were at Baht 709.46 million.

**5. Loss attribute to equity holders of the Company** was at Baht 444.17 million, representing at -13.93% of net profit margin whereas the same period of last year, the net loss was at Baht 294.28 million, representing -8.56% net profit margin.

### Backlog on Hand

As of 31 December 2020, the Company and its subsidiaries had projects on hand with the remaining uncompleted works as follows.

Company	Number of the Projects	Uncompleted Work Value(MB)
TRC Construction Public Company Limited	9	2,129.75
Sahakarn Wisavakorn Co., Ltd.	16	7,167.46
<b>Total</b>	<b>25</b>	<b>9,297.21</b>

### Significant Events during 2020 – Present

- Sahakarn Wisavakorn Co., Ltd. (subsidiary) has entered into joint venture agreement with Hydrotek Public Company Limited and Samprasit Limited Partnership, having investment proportion of 50%, 20% and 30% respectively to set up SAHAHYDRO PATTAYA Joint Venture to obtain the drainage system on the east side of railway-parallel road Phase 1, Pattaya city project from Chonburi Province.
- Olive Technology Company Limited (subsidiary) has established Mahat Company Limited on 23 November 2020 whose business is to produce, distribute and provide services of information technology management and platform development with registered capital of Baht 1 million. Olive Technology Company Limited has invested in proportion of 59.98% and has already paid up capital share as its investment proportion of Baht 0.60 million.

- In 2020, TRC Group has obtained 16 projects, total work value of Baht 3,868.85 million

**TRC: 8 projects, total of Baht 1,080.80 million**, the significant projects consisting of:

- Piping Spool Fabrication Works project with work value of Baht 235.57 million and Fabrication and construction of 15 new storage tanks project with work value of Baht 483.69 million from Joint Venture of Petrofac South East Asia Pte. Ltd., Saipem Singapore Pte. Ltd. and Samsung Engineering (Thailand) Co., Ltd. Their construction period were 13 months and 21 months respectively.
- EPC Service HDPE Pipeline Package for New Bang Phra Raw Water Line from Thai Oil Public Company Limited. The project's work value is Baht 254 million with 493 days construction period.

**Sahakarn Wisavakorn Co., Ltd.: 8 projects, total of Baht 2,207.68 million**, the significant projects consisting of:

- The construction of the Medical Building for Thabo Crown Prince Hospital Project from Nong Khai Province. The project's work value is Baht 691.44 million with 30 months construction period.
- The restoration of highway network connecting region, Highway Route No.41, Ban Mai Siap – Phatthalung from Department of Highways. The project's work value is Baht 831.18 million with 1,080 days construction period
- The construction of Motorway No. 9, Outer Ring Road Western Bangkok Section Phra Pradaeng – Bang Khae from Department of Highways. The project's work value is Baht 480.36 million with 750 days construction period.

**SAHAHYDRO PATTAYA Joint Venture** has obtained the Drainage system on the east side of railway-parallel road Phase 1, Pattaya city project from Chonburi Province. The project's work value is Baht 580.37 million within 600 days construction period.

- In January 2021, TRC has obtained High Total Dissolved Solids Wastewater Treatment Plant project from PTT Public Company Limited. The project's work value is Baht 169.97 million within 510 days construction period.



(Mr. Pasit Leesakul)

Director and Chief Executive Officer

24 February 2021