



No. SR-E2563/011

May 14, 2020

Subject : Management Discussion and Analysis (MD&A) for the first quarter ended 31 March 2020.

To : President of the Stock Exchange of Thailand

Siamraj Public Company Limited (“The Company”) would like to clarify the operating results for the first quarter ended 31 March 2020 which the details are as followings;

Table of key financial results

(Units:Million Baht)	Q1	Q4	Q1	%	%
	2019	2019	2020	Inc.(Dec.) QOQ	Inc.(Dec.) YOY
Main revenues	308.47	718.43	508.61	(29.21%)	64.88%
Other incomes	2.21	(1.01)	8.87	978.22%	301.36%
Total revenues	310.68	717.42	517.48	(27.87%)	66.56%
Cost and operating expenses	(312.37)	(701.25)	(544.34)	(22.38%)	74.26%
Profit(Loss) for the periods	(1.62)	15.79	(27.07)	(271.44%)	(1,570.99%)

First quarter of 2020 compared with Fourth quarter of 2019

In the first quarter of 2020 (Q1/2020), net loss of the Company was Baht 27.07 million, net profit decreasing by Baht 42.86 million or at the rate 271.44% when compared with the fourth quarter of 2019 (Q4/2019) mainly due to;

Revenue

The Company generated main revenue of Baht 508.61 million, decreasing from the fourth quarter of 2019 (Q4/2019) by Baht 209.82 million or at the rate 29.21%. The significant decrement in revenue came from The Alternative Energy Business Unit had been decreasing from the construction of floating Solar Power project which started in late of the third quarter (Q3/2019) towards the end of the project. At the same time the newly auctioned work has extended the delivery deadline because of the outbreak of COVID-19 which it affected to delayed delivery. Besides, we found that there are a number of defects and do not meet the standard specification. Therefore, it's unable to recognize on the revenue as planned. In this regard, the company is expected to have the completed revenue recognition within the 3rd quarter of 2020 (Q3/2020) as requested for the extension of delivery.

The Company reported other income of Baht 8.87 million, increased from Q4/2019 Baht 9.88 million or increased by 978.22% compared to the fourth quarter of 2019 (Q4/2019). This was mainly due to increase in the gain from foreign currency forward contracts.

Cost and operation expenses

The Company had cost and operation expenses of Baht 544.34 million, decreasing from the fourth quarter of 2019 (Q4/2019) by Baht 156.91 million or at the rate 22.38%, because the change of variable cost decreasing responded to the decrease of revenue.



First quarter of 2020 compared with First quarter of 2019

In the first quarter of 2020 (Q1/2020), net loss of the Company was Baht 27.07 million, net loss increasing by Baht 25.45 million or at the rate 1,570.99% when compared with the first quarter of 2019 (Q1/2019) mainly due to;

Revenue

The Company generated main revenue of Baht 508.61 million, increasing from the first quarter of 2019 (Q1/2019) by Baht 200.14 million or at the rate 64.88%. The significant increment of main revenue were from the construction project will gradually recognize income according to the progress of backlog from the end of last year.

The Company reported other income of Baht 8.87 million, increased by Baht 6.66 million or increased by 301.36% compared to the same period of 2019. This was mainly due to increase in the gain from foreign currency forward contracts.

Cost and operation expenses

The Company had cost and operation expenses of Baht 544.34 million, increasing from the first quarter of 2019 (Q1/2019) by Baht 231.97 million or at the rate 74.26% because of change in variable cost increasing responded to the main revenue increasing and recognized the allowance for decrease in value of inventories of Baht 54.71 million which it is on process of claiming with supplier following the contract.

Management Outlook for Convenience Store Business in 2020

The outbreak of Coronavirus Disease 2019 (“COVID-19”) in early 2020 has negative effects on overall operating results especially for the car parking business - rental area for the 3-month period ended 31 March 2020.

In March 2020, the Group granted 30% discounts on rent and service charges for lessees who continued to open their shop and waived all charges for lessees who had to close their shop for the period from 22 March 2020 to 31 March 2020 following the government’s announcement. This waiver is treated as a lease contract modification in term of accounting, which will result in a reduction in the Group’s rental of approximately Baht 1.36 million. In addition, this may lead to early termination, breach or renewal of certain existing lease contracts as well as affect new contract signing, and rental income in the coming periods. The Group is now paying close attention to the development of the COVID-19 situation and its impact on the leasing market and all other businesses, performing relevant assessments and taking proactive measures for remediation.

Sincerely Yours.

(Mrs. Udomporn Jiranapakulwat)
Chief Finance Officer and Accounting