



CAZ (Thailand) Public Company Limited



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No. CAZ 002-2024

27 February 2024

Subject: Management Discussion and Analysis for the year ended 31 December 2023

Attention: The President, The Stock Exchange of Thailand

CAZ (Thailand) Public Company Limited ("the Company") and its Subsidiary ("the Group") would like to clarify the change in operating result for the year ended 31 December 2023, which changed in revenue and net profit compared with same period of last year as follows:

Statement of Comprehensive Income

(Unit : Million Baht)

Details	31 Dec 2023	31 Dec 2022	Changed	(%)
Revenues from construction contracts	3,163.24	3,135.46	27.78	0.89
○ EPC Service	50.59	21.48	29.11	135.52
○ Structure Mechanic and Pinging (SMP and E&I Services)	1,837.54	1,727.57	109.97	6.37
○ Civil & Building Service	895.96	507.34	388.62	76.60
○ General Construction Service	212.97	560.52	(347.55)	(62.00)
○ Fabrication and Other service	166.18	318.55	(152.37)	(47.83)
Cost of construction contracts	(2,762.46)	(2,770.31)	(7.85)	(0.28)
Gross profit	400.78	365.15	35.63	9.76
Other income	3.45	2.35	1.10	46.81
Administrative expenses	(113.23)	(96.96)	16.27	16.78
Profit before finance cost and income tax	291.00	270.54	20.46	7.57
Finance cost	(16.12)	(15.00)	1.12	7.47
Profit before income tax	274.88	255.54	19.34	7.57
Income tax	(55.96)	(50.65)	5.31	10.48
Profit for the year	218.92	204.89	14.03	6.85
Owners of the parent	214.57	201.38	13.19	6.55
Non-controlling interests	4.35	3.51	0.84	23.93



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Revenues from construction contracts

The Group has revenue from construction contracts for the year ended 31 December 2023, totaling of Baht 3,163.24 Million. Increasing of Baht 27.78 Million or 0.89%, similar amount to the previous year, which was Baht 3,135.46 Million. Due to several ongoing projects were in the final stage of construction works. Moreover, some projects finished and delivered to clients during the year. On the other hand, new projects signed during period were on the first stage of construction works which have not much revenue recognition as well. Resulting to revenue recognition from work progression which could be delivered work and transferred right of control to customers during the period were slightly increased when compared with 2022.

As at 31 December 2023, the Group has backlog for construction services totaling of Baht 3,320 Million.

Administrative expenses

The Group's administrative expenses for the year ended 31 December 2023, totalling of Baht 113.23 Million. Increasing from the same period of last year which was totaling of Baht 96.96 million, Increased of Baht 16.27 Million, or 16.78%, resulted from increased of employee benefit and expenses.

Finance costs

The Group has financial costs during 2023 totaling of Baht 16.12 Million, increased of Baht 1.12 Million or 7.47%, compared to the same period of last year which has finance cost totaling of Baht 15.00 Million. Due to short-term loan for existing ongoing projects' expenditures from financial institutes which the Group has credit facilities. In addition, interest rate of the market at present is raising, resulted to the Groups finance cost 2023 has been increasing, compared with last year as well.

Profitability

Gross profit and net profit of the year ended 31 December 2023 and 2022 as follows;

Profitability	2023		2022	
	Million Baht	%	Million Baht	%
Gross profit	400.78	12.67	365.15	11.65
Profit attributable to owners of the parent	214.57	6.78	201.38	6.42

By the year, the Group's gross profit totaling of Baht 400.78 Million, considered to gross profit margin of 12.67%. It was similarly when compared with 2022 totaling of Baht 365.15 Million, or gross profit margin of 11.65%. Due to some projects have been adjusted of budget costs up to date. Including, some project signed during the year is a EPC project which revenue recognized when a customer obtains control of the goods or service in an amount that reflects the consideration to which the Group expects to be entitled. Leads, the Group's gross profit margin of 2023 slightly higher from the same period of last year.

The Group's 2023 has net profit attributable to owners of the parent totaling of Baht 214.57 Million, considered to net profit margin of 6.78%. Increased from 2022 with a net profit attributable to the parent company totaling of Baht 201.38 Million, or net profit margin of 6.42%. The increasing of net profit margin resulted from budget costs adjustment and revenue recognition of a EPC project which mention above.

Statement of Financial Position

(Unit: Million Baht)

Details	31 Dec 2023	31 Dec 2022	Increase (Decreased)	% Changed
Assets				
Current assets				
Cash and cash equivalents	173.72	116.41	57.31	49.23
Trade and other current receivables	305.41	452.42	(147.01)	(32.49)
Contract assets	1,010.81	589.25	421.56	71.54
Inventories	17.59	46.97	(29.38)	(62.55)
Withholding tax deducted at source	50.67	35.72	14.95	41.85
Other current assets	9.36	8.02	1.34	16.71
Total current assets	1,567.56	1,248.79	318.77	25.53
Non-current assets				
Restricted deposit at financial institution	7.76	7.73	0.03	0.39
Property, plant and equipment	554.70	536.92	17.78	3.31
Intangible assets	10.85	12.78	(1.93)	(15.1)
Retention receivables	102.35	220.29	(117.94)	(53.54)
Withholding tax deducted at source	55.98	57.98	(2.00)	(3.45)
Deposits	3.45	3.93	(0.48)	(12.21)
Deferred tax assets	3.99	2.94	1.05	35.71
Total non-current assets	739.08	842.57	(103.49)	(12.28)
Total assets	2,306.64	2,091.36	215.28	10.29
Liabilities and equity				
Current liabilities				
Short-term borrowing from financial institutions	100.00	175.30	(75.30)	(42.95)
Trade and other current payables	305.53	369.31	(63.78)	(17.27)
Contract liabilities	730.07	527.88	202.19	38.30
Current portion of long-term borrowings from financial institutions	8.62	77.76	(69.14)	(88.91)
Current portion of Lease liabilities	30.20	22.70	7.50	33.04
Other current liabilities	52.69	43.01	9.68	22.51
Total current liabilities	1,227.11	1,215.96	11.15	0.92
Non-current liabilities				
Long-term borrowing from financial institutions	42.00	8.62	33.38	387.24
Lease liabilities	35.73	11.83	23.90	202.03
Retention payables	12.32	28.11	(15.79)	(56.17)

Details	31 Dec 2023	31 Dec 2022	Increased (Decreased)	% Changed
Non-current provisions for employee benefits	8.05	5.52	2.53	45.83
Total non-current liabilities	98.10	54.08	44.02	81.40
Total liabilities	1,325.21	1,270.04	55.17	4.34
Equity				
Share Capital – Authorized	147.00	147.00	-	-
Issued and paid-up	147.00	147.00	-	-
Share premium	246.11	246.11	-	-
Retained earning				
Appropriated - legal reserve	14.70	14.70	-	-
Unappropriated	549.76	394.00	155.76	39.53
Equity attributable to owners of the parent	8.45	8.45	-	-
Equity attributable to owners of the parent	966.02	810.26	155.76	19.22
Non-controlling interests	15.41	11.06	4.35	39.33
Total equity	981.43	821.32	160.11	19.49
Total liabilities and equity	2,306.64	2,091.36	215.28	10.29

Assets

As at 31 December 2023, the Group's total assets of Baht 2,306.64 Million, increased of Baht 215.28 Million, or 10.29%, compared with as at 31 December 2022, which total assets totaling of Baht 2,091.36 Million. Changing of total assets as following;

Current assets; comprising of

- Cash and cash equivalents totaling of Baht 173.72 Million, Increased from last year of Baht 57.31 Million. Due to cash received of construction services from Account receivable and retention payment from clients
- Contract assets totaling of Baht 1,010.81 Million, increased from last year totaling of Baht 421.56 Million. Resulted from, the revenue recognized from percentage of projects' work completion during the period which be able to transfer right of control and issue invoices to clients in next periods.
- Account receivable and other current receivables total of Baht 305.41 Million, decreased from last year of Baht 147.01 Million. Resulted from, the payment of some clients during the end of period. Including, some projects on hand were in the process of verify work progression in order to transfer right of controlled and issue invoices to clients.
- Inventories of Baht 17.59 Million, decreased from the last year of Baht 29.38 Million. Resulted from material used of construction and fabrication works during the period for projects on hand.

Non - Current assets; comprising of

- Retention receivables decreased from the previous year of Baht 117.94 Million. Due to the receipt of retention payments from clients of some projects which delivered work already according to the condition of contract.

Liabilities

As at 31 December 2023, the Group's liabilities total of Baht 1,325.21 Million, increased of Baht 55.17 Million, or 4.34% compared with 31 December 2022.

Current liabilities: changing consist of:

- Contract liabilities total of Baht 730.07 Million, increased of Baht 202.19 Million, compared with last year.

Comprising as follows;

1) Construction income received in advance (the value of total billed by contract's milestone payment condition which was higher than revenue recognition of this period) total of Baht 485 Million, Increased of Baht 1.88 Million.

2) Advance received from construction contracts total of Baht 245.07 Million. Increased of Baht 200.32 Million from last year. Due to advance received of new projects signed during the year which are according to the contract's condition.

- The Group has short-term loan which used as working capital for existing construction projects on hand during period totaling of Baht 100 Million. These loans were reduced Baht 75.30 Million by repayment of debt on maturity date.
- Trade and other payables totaling of Baht 305.53 Million, decreased totaling of Baht 63.78 Million. Resulted from, repayment of construction materials and consumable from suppliers and subcontractors during the period.

Non - Current liabilities: changing consist of

- Long term loan from financial institution totaling of Baht 42.00 Million, increased totaling of Baht 33.38 Million. Due to the Group issued a new promissory note to replace existing promissory note to a local financial institution according to the condition in the revolving loan agreement. The promissory note had term of 2 years, maturing in May 2025.

Equity

For shareholders' equity to the parent Company as of 31 December 2023, total of Baht 966.02 Million, increased from previous year, total of Baht 155.77 Million, or 19.22%. The details of changing of equities consist of;

- The Group's operating results with net profit attributable to owners of the parent for the year ended 31 December 2023, totaling of Baht 214.57 Million.
- Dividend payment for the year 2022 operating results to shareholders whose names appear in the shareholder register on 17 March 2023 at 0.20 Baht per share. The total payment amounted of Baht 58.80 Million on payment date of 19 May 2023.



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Key financial ratios

As at 31 December 2023, the key financial were similar when compared with last year. The Group have significant changed in ratios as following;

- Current ratio was 1.28 times.
- Debt to Equity ratio (D/E) was 1.37 times.

Please be informed accordingly.

Sincerely yours,

(Mr. Chung Sik Hong)

Chief Executive Officer