

SET 2020/16

August 11, 2020

To President  
The Stock Exchange of Thailand

Subject: Management Discussion and Analysis (MD&A) for the Second Quarter of 2020

TEAM Consulting Engineering and Management Public Company Limited (“the Company”) would like to submit this Management Discussion and Analysis for the second quarter ended 30 June 2020 with details as follows:

### Revenue

The total revenue of the Company and its subsidiaries for the second quarter ended 30 June 2020 was 440.06 Million Baht, increasing by 2% from 432.84 Million Baht in the first quarter of 2020. However, this declined by 8% from the total revenue of 477.34 Million Baht in the second quarter of 2019. The total revenue in this quarter consisted of Service Revenue in the amount of 438.24 Million Baht and Other Revenue of 1.82 Million Baht.

### Service Revenue

The Company and its subsidiaries generated service revenue for the second quarter of 2020 in a total amount of 438.24 Million Baht, accounting for 99.6% of the total revenue with the following revenue structure:

Service Revenue (Million Baht)	Q2 (2020)	Q1 (2020)	Q-o-Q	Q2 (2019)	Y-o-Y	Jan- Jun 2020	Jan- Jun 2019	% Growth
Government Sector (G)	256	229	12%	262	(2%)	485	459	5%
Private Sector (P)	125	114	10%	130	(4%)	239	279	(14%)
International Sector (I)	32	68	(53%)	58	(45%)	101	128	(21%)
Related Business Sector (R)	25	19	32%	27	(7%)	44	46	(4%)
<b>Total Service Revenue</b>	<b>438</b>	<b>430</b>	<b>2%</b>	<b>477</b>	<b>(8%)</b>	<b>869</b>	<b>912</b>	<b>(5%)</b>

#### (1) Service Revenue from Government Sector

During the second quarter of 2020, the Company and its subsidiaries generated service revenue from the government projects in the amount of 255.51 Million Baht, accounting for 58.31% of the total service revenue, declining by 2% from the same period of 2019. This was because in the second quarter of 2019 the Company and its subsidiaries had recognized additional revenue from the PMSC of a government Project conducted in the past. However, the service revenue of the second quarter in 2020 was 12% higher than that of the first quarter since the Company continuously recognized additional revenue from large-scale projects currently undertaken.

**(2) Service Revenue from Private Sector**

During the second quarter of 2020, the Company and its subsidiaries earned service revenue from the private sector in the amount of 125.20 Million Baht, equaling 28.57% of the total service revenue, decreasing at the rate of 4% from the same period of 2019. The decrease in revenue resulted from the temporary suspension of several privately-owned projects, especially the property development ones, during the pandemic of COVID-19. However, the Company and its subsidiaries tried to seek new projects from other industries to compensate for the decreased revenue. Therefore, the service revenue from the private sector in the second quarter of 2020 was not significantly lower and it was even 10% higher than that in the first quarter of the same year.

**(3) Service Revenue from International Sector**

During the second quarter of 2020, the Company and its subsidiaries earned service revenue from the international sector in the amount of 32.29 Million Baht, accounting for 7.37% of the total service revenue, significantly decreasing at the rate of 45% from the same period of the previous year, and 53% from that in the first quarter of 2020. This resulted from the COVID-19 situation in which many countries have issued international travel restrictions. The Company and its subsidiaries were subsequently unable to fully mobilize staff at the project sites.

**(4) Service Revenue from Related Business Sector**

During the second quarter of 2020, the Company and its subsidiaries had the revenue from related business sector in the amount of 25.23 Million Baht, accounting for 5.76% of the total service revenue. The amount was comparable to the same period of 2019, and 32% higher than the first quarter of 2020. The increase in the service revenue from this sector resulted from the dam instrumentation works which were postponed from the year 2019 to early 2020.

Consolidated Financial Performance	Apr-Jun 2020		Apr-Jun 2019		% Growth (Y-o-Y)
	Million Baht	% of Total Revenue	Million Baht	% of Total Revenue	
Service Revenue	438.24	99.6%	476.70	99.9%	(8.0%)
Total Revenue	440.06	100.0%	477.01	100.0%	(7.7%)
Cost of Services	(313.48)	(71.2%)	(352.79)	(74.0%)	(11.1%)
Administrative Expenses	(76.55)	(17.4%)	(110.63)	(23.2%)	(30.8%)
Operating Profit	50.04	11.4%	13.59	2.8%	268.4%
Share of Profit from Investment in Associated Companies	1.65	0.4%	0.06	0.0%	2,604.9%
Financial Income	2.38	0.5%	0.73	0.2%	225.2%
Financial Cost	(0.66)	(0.1%)	(0.53)	(0.1%)	25.0%
Income Tax	(9.51)	(2.2%)	(2.94)	(0.6%)	224.2%
Profit for the Period	43.90	10.0%	10.92	2.3%	302.2%

### Cost of Services, Administrative Expenses, Net Profit, and Net Profit Margin

In the second quarter of 2020, the total cost of services of the Company and its subsidiaries accounted for 71.2% of the total revenue, reducing by 11.1% from that of 74.0% in the same period of the previous year. This was because in 2020 the Company and its subsidiaries had no expense regarding severance pay rate resulted from the amendment of the labor law which was the one-time effect that has already been recorded as the cost of services and administrative expenses in the second quarter of 2019. Consequently, the personnel-related expenses, including cost of services and administrative expenses decreased. Besides, the significant decrease in the administrative expenses was the result of the Company and its subsidiaries' ability to efficiently control and manage the employee workload, leading to reduction in administrative expenses to 17.4% of the total revenue from 23.2% of the total revenue in the same period of the previous year, representing the decline by 30.8%. The Company and its subsidiaries gained the net profit for the second quarter of 2020 in a total amount of 43.90 Million Baht, increasing from that in the same period of 2019 at the growth rate of 302.2%. The net profit margin in this second quarter was 10.0% of the total revenue, comparing to 2.3% in the same period of 2019.

### Financial Ratio

As at the end of the second quarter of 2020, the Company and its subsidiaries could maintain the liquidity at satisfactory level of 1.85 times. The debt to equity ratio and the gearing ratio slightly increased due to the change in the accounting policy for the adoption of TFRS 16 Leases, taking effect from 1 January 2020, from 1.03 and 0.03 times as at the end of 2019 to 1.19 and 0.06 times at the end of the second quarter of 2020 respectively.

Please be informed accordingly.

Yours sincerely,

(Mrs. Penpilai Phonchaipanich)

Chief Financial Officer

TEAM Consulting Engineering and Management Public Company Limited.