

Ref: CK-18-0000-AFD(AC)-L-0050

November 14, 2018

Subject: Clarification on Operating Result and Financial Position for the nine-month ended September 30, 2018

Attention: President

The Stock Exchange of Thailand

CH. Karnchang Public Company Limited (“the Company”) and its subsidiaries would like to clarify the consolidated operating result and financial position for the nine-month ended September 30, 2018 as follows:

Performance Overview

The Company and its subsidiaries had profit attributable to equity holders of the Company amounting to Baht 2,126.61 million, increasing from the same period of the previous year by Baht 531.13 million mainly due to more share of profit from investments in associated companies.

Revenues from construction services and sales of construction materials

The Company and its subsidiaries had revenues from construction services and sales of construction materials of Baht 22,185.45 million, representing 94.50% of total revenues, a drop of 23.63% or Baht 6,863.03 million from the same period of the prior year. Construction revenue decreased because Xayaburi Hydroelectric Power Project is now close to project completion.

Cost of construction services and sales of construction materials

The Company and its subsidiaries had cost of construction services and sales of construction materials amounting to Baht 20,413.35 million, a reduction by Baht 6,346.47 million or 23.72% from the same period of the previous year. Gross profit for the first nine months of 2018 was Baht 1,772.10 million, a decrease by Baht 516.56 million or 22.57% from the same period of last year; however, gross profit margin improved from 7.88% in 9M 2017 to 7.99% in 9M 2018.

#### Other income

The Company and its subsidiaries had other income of Baht 1,290.68 million, increased by Baht 41.01 million or 3.28% from the same period of last year because of project management fee and interest income.

#### Share of profit from investments in associated companies

The Company and its subsidiaries had share of profit from investments in associated companies of Baht 1,517.73 million in the first nine months of 2018, up by Baht 916.57 million, or 152.47%, from the same period of last year. The increase was mainly from Bangkok Expressway and Metro Public Company Limited (BEM)'s gain on fair value adjustment of investment due to reclassification in the amount of Baht 2,030 Million, net of corporate income tax, as it reclassified the investment in CK Power Public Company Limited (CKP) from an associated company to available-for-sale security. In addition to gain on fair value adjustment, BEM also had gain from sales of investment. As for CKP, its financial performance significantly improved from the same period of last year due to more water inflow into Nam Ngum 2 Hydroelectric Power Project.

#### Financial Position

As of September 30, 2018, the Company and its subsidiaries had total assets of Baht 85,620.70 million. An increase of Baht 6,346.24 million from the end of prior year was mainly due to the additional investment in BEM and the investment in fixed assets. Total liabilities amounted to Baht 60,112.61 million, increasing by Baht 4,711.23 million from the end of prior year mainly due to the increase of accounts payable, other payables, advances received from employers, short-term bank loan and debenture. Total shareholders' equity amounted to Baht 25,508.09 million, an increase of Baht 1,635.01 million from the end of prior year.

#### Cash Flow

In the first nine months of 2018, the Company and its subsidiaries had net cash from operating activities of Baht 4,531.45 million due to the Company and its subsidiaries' financial results. Net cash used in investing activities was Baht 1,648.50 million, most of which came from investments in associated companies and fixed assets. Net cash used in financing activities was Baht 119.78 million. As a result, net cash increased by Baht 2,604.52 million from the beginning balance.

## Financing

The Company and its subsidiaries had finance cost of Baht 952.64 million, decreasing by Baht 98.10 million or 9.34% from the same period of 2017 because of decreased average cost of debt.

Net-Debt-to-Equity ratio according to the Company's consolidated financial statement as of September 30, 2018 was 1.18 times, compared to 1.27 times as of the end of prior year. Still, the ratio did not exceed 3.00 times, which is the covenant for bank loans and debentures.

<b>Income Statement</b>	<b>For the nine-month ended September 30</b>		<b>Change</b>	
	<b>2018</b>	<b>2017</b>	<b>Amount</b>	<b>%</b>
<b>Unit: Million Baht</b>				
Revenues from construction services and sales of construction materials	22,185.45	29,048.48	(6,863.03)	(23.63)
Other income	1,290.68	1,249.67	41.01	3.28
<b>Total revenues</b>	<b>23,476.13</b>	<b>30,298.15</b>	<b>(6,822.02)</b>	<b>(22.52)</b>
Cost of construction services and sales of construction materials	20,413.35	26,759.82	(6,346.47)	(23.72)
Administrative expenses	1,401.49	1,401.48	0.01	0.00
<b>Total expenses</b>	<b>21,814.84</b>	<b>28,161.30</b>	<b>(6,346.46)</b>	<b>(22.54)</b>
Profit before share of profit (loss) from investments in associated companies, finance cost and income tax expenses	1,661.29	2,136.85	(475.56)	(22.26)
Add: Share of profit from investments in associated companies	1,517.73	601.16	916.57	152.47
Deduct: Finance cost	952.64	1,050.74	(98.10)	(9.34)
Income tax expenses	100.83	61.22	39.61	64.69
<b>Profit for the period</b>	<b>2,125.55</b>	<b>1,626.05</b>	<b>499.50</b>	<b>30.72</b>
<b>Profit attributable to equity holders of the Company</b>	<b>2,126.61</b>	<b>1,595.48</b>	<b>531.13</b>	<b>33.29</b>
Profit attributable to non-controlling interests of the subsidiaries	(1.06)	30.57	(31.63)	(103.47)

Statement of Financial Position Unit: Million Baht	September 30,	December 31,	Change	
	2018	2017	Amount	%
Assets	85,620.70	79,274.46	6,346.24	8.01
Liabilities	60,112.61	55,401.38	4,711.23	8.50
Shareholders' equity	25,508.09	23,873.08	1,635.01	6.85

Please be informed accordingly

Sincerely yours

(Mr. Prasert Marittanaporn) (Mr. Anukool Tuntimas)

Directors