

Ref: CK-18-0000-AFD(AC)-L-0039

August 14, 2018

Subject: Clarification on Operating Result and Financial Position for the six-month ended June 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 six-month ended June 30, 2018 as follows:

Performance Overview

The Company and its subsidiaries had profit attributable to equity holders of the Company amounting to Baht 843.16 million, decreasing from the same period of the previous year by Baht 127.16 million due to a decline in revenues from construction services and sales of construction materials.

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 14,959.24 million, representing 95.03% of total revenues, a drop of 26.27% or Baht 5,330.64 million from the same period of the prior year. Construction revenue decreased because Xayaburi Hydroelectric Power Project is now close to project completion. Also, in Q2 2017, the Company accelerated Project Management, Supply and Installation of the M&E Systems for the MRT Blue Line Extension Project at the project inception.

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 13,779.84 million, a reduction by Baht 4,908.64 million or 26.27% from the same period of the previous year. Gross profit for the first six months of 2018 was Baht 1,179.40 million, a decrease by Baht 422 million or 26.35% from the same period of last year; however, gross profit margin essentially remained unchanged at 7.88% in 6M 2018, compared to 7.89% in 6M 2017.

Other income

The Company and its subsidiaries had other income of Baht 782.60 million, increased by Baht 41.25 million or 5.56 % 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 profit sharing from investments in associated companies of Baht 475.51 million in the first six months of 2018, up by Baht 159.24 million, or 50.35%, from the same period of last year due to the improved financial performance of associated companies.

Financial Position

As of June 30, 2018, the Company and its subsidiaries had total assets of Baht 81,785.55 million. An increase of Baht 2,511.09 million from the end of prior year was mainly due to the additional investment in Bangkok Expressway and Metro Public Company Limited and the investment in fixed assets. Total liabilities amounted to Baht 57,983.99 million, increasing by Baht 2,582.61 million from the end of prior year was mainly due to the increase of short-term bank loan and advances received from employers. Total shareholders' equity amounted to Baht 23,801.56 million, a decrease of Baht 71.52 million from the end of prior year.

Cash Flow

In the first six months of 2018, the Company and its subsidiaries had net cash from operating activities of Baht 2,062.11 million due to the Company and its subsidiaries' financial results. Net cash used in investing activities was Baht 616.17 million, most of which came from investments in associated companies and fixed assets. Net cash from financing activities was Baht 484.74 million due to bank loans. As a result, net cash increased by Baht 1,819.33 million from the beginning balance.

Financing

The Company and its subsidiaries had finance cost of Baht 639.83 million, decreasing by Baht 73.51 million or 10.30 % 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 June 30, 2018 was 1.31 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.

Income Statement	For the six-month ended		Change	
	June 30			
Unit: Million Baht	2018	2017	Amount	%
Revenues from construction services and sales of construction materials	14,959.24	20,289.88	(5,330.64)	(26.27)
Other income	782.60	741.35	41.25	5.56
Total revenues	15,741.84	21,031.23	(5,289.39)	(25.15)
Cost of construction services and sales of construction materials	13,779.84	18,688.48	(4,908.64)	(26.27)
Administrative expenses	890.22	913.69	(23.47)	(2.57)
Total expenses	14,670.06	19,602.17	(4,932.11)	(25.16)
Profit before share of profit (loss) from investments in associated companies, finance cost and income tax expenses	1,071.78	1,429.06	(357.28)	(25.00)
Share of profit (loss) from investments in associated companies	475.51	316.27	159.24	50.35
Finance cost	(639.83)	(713.34)	73.51	(10.30)
Income tax expenses	(64.06)	(43.46)	(20.60)	47.41
Profit for the period	843.40	988.53	(145.13)	(14.68)
Profit attributable to equity holders of the Company	843.16	970.32	(127.16)	(13.11)
Profit attributable to non-controlling interests of the subsidiaries	0.24	18.21	(17.97)	(98.67)

Statement of Financial Position	June 30,	December 31,	Change			
			2018	2017	Amount	%
Unit: Million Baht						
Assets	81,785.55	79,274.46	2,511.09			3.17
Liabilities	57,983.99	55,401.38	2,582.61			4.66
Shareholders' equity	23,801.56	23,873.08	(71.52)			(0.30)

Please be informed accordingly

Sincerely yours

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

Directors