

## TRANSLATION

### TTCL PUBLIC COMPANY LIMITED

### MANAGEMENT DISCUSSION AND ANALYSIS

#### **1. Operating Performance for the period ended March 31, 2019**

For 3 months ended 31<sup>st</sup> March 2019, the Company reported its Gross Profit at THB 541 million, increasing when compared with the previous year mainly caused by improvement in Revenue from EPC construction because of new mega projects including MOCD2 Project and Long Son Project, and decrease of cost of operation power plant because we didn't face the take or pay compensation to Myanmar Government which hit the previous year.

The Foreign Exchange Difference on Translation Financial Statement was recorded at THB -99 million caused by stronger Thai baths. Therefore, the Total Comprehensive Income for the Period was THB 165 million. The above Net Profit, THB 264 million, was attributed to the Company at THB 253 million and the Basic Earnings per share were calculated at THB 0.39 per share.

#### **2. Management Discussion and Analysis Report according to consolidated financial statements**

	For 3-month Period Ended				Change
	31 Mar. 2019		31 Mar. 2018		
Revenues	THB Mln.	%	THB Mln.	%	%
Construction and service revenues (EPC)	2,387	91%	1,195	84%	100%
Revenue from operation power plant	242	9%	224	16%	8%
<b>Total Revenues</b>	<b>2,629</b>	<b>100%</b>	<b>1,420</b>	<b>100%</b>	<b>85%</b>
<u>Less</u> Cost of constructions and services (EPC)	(2,009)	(76%)	(1,040)	73%	93%
<u>Less</u> Costs of operation power plant	(79)	(3%)	(316)	22%	(75%)
<b>Total Costs</b>	<b>(2,088)</b>	<b>(79%)</b>	<b>(1,356)</b>	<b>96%</b>	<b>(54%)</b>
<b>Gross profit</b>	<b>541</b>	<b>21%</b>	<b>64</b>	<b>4%</b>	<b>748%</b>
<u>Add</u> Other income	63	2%	160	11%	(61%)
<u>Less</u> Gain (Loss) on Exchange Rate, net	(21)	(1%)	(24)	(2%)	(16%)
<u>Less</u> Administrative Expenses	(196)	(7%)	(181)	(13%)	8%
<u>Add</u> Share of Profit/(Loss) of Associate	5	0%	5	0%	(2%)
<u>Add</u> Share of Profit/(Loss) of joint venture	0	0%	0	0%	20%
Profit before Financial Costs & Income Tax	392	15%	24	2%	1,526%
<u>Less</u> Financial Costs	(98)	(4%)	(117)	(8%)	(16%)
Profit before Income Tax	294	11%	(93)	7%	
<u>Less</u> Income Tax	(31)	(1%)	17	(1%)	
<b>Net Profit for this Period</b>	<b>264</b>	<b>10%</b>	<b>(76)</b>	<b>(5%)</b>	
<u>Add/(Less)</u> FX Translation on Financial Statements and Others	(99)	(4%)	(219)	(15%)	
<b>Total Comprehensive Income for the Period</b>	<b>165</b>	<b>6%</b>	<b>(295)</b>	<b>(21%)</b>	
Profit Attributable to:					
Owners of the parent	253		(61)		
Non-controlling interests	10		(15)		
<b>Net Profit for this Period</b>	<b>264</b>		<b>(76)</b>		
<b>Basic earnings per share (THB)</b>	<b>0.39</b>		<b>(0.11)</b>		

## 2.1 Analysis of Revenues, Costs and Expenses

### 2.1.1 Revenues

Total Revenues increase 85% and recorded at THB 2,629 million during 3 months.

Revenues	31 Mar 2019	31 Mar 2018	% Change
Construction and service revenues (EPC)	2,387	1,195	100%
Revenue from operation power plant	242	224	8%
<b>Total Revenues</b>	<b>2,629</b>	<b>1,419</b>	<b>85%</b>

- EPC Businesses

Revenue from Construction and service revenue from EPC increased 100% to THB 2,387 million which was improved from last year because of new mega projects, MOCD 2 Project and Long Son Project, Thai Oil Project, Vietnam mega solar and others.

- Power Plant Businesses

Revenue from Operation of Power Plant increased 8% to THB 242 million which was improved from last year because of the high electricity demand in Myanmar and stable operation of the power plant.

### 2.1.2 Costs & Gross Profit

#### Gross Profit Margin Comparison

31 Mar 2019	Revenue	Cost	Gross Profit	Margin %
EPC Construction	2,387	(2,009)	378	16%
Operation of Power Plant	242	(79)	163	67%
<b>Total</b>	<b>2,629</b>	<b>(2,088)</b>	<b>541</b>	<b>21%</b>

31 Mar 2018	Revenue	Cost	Gross Profit	Margin %
EPC Construction	1,195	(1,040)	155	13%
Operation of Power Plant	224	(316)	(92)	(41%)
<b>Total</b>	<b>1,419</b>	<b>(1,356)</b>	<b>64</b>	<b>4%</b>

### 2.1.3 Other income and Gain (Loss) on Exchange Rate

The Other Income was down to THB 63 million or -61% because TTPMC received THB 109 million as the insurance claims at the previous year.

The Company also recorded Loss on Exchange Rate at THB -21 million as a result of stronger Thai Bath during the period.

### 2.1.4 Administrative expenses

The Administration Expenses slightly increased 8% to THB 196 million mainly caused by the increase of proposal expenses for the tender projects from THB 23 Million to 35 Million.

### 2.1.5 Share of Profit of Associate and Joint Venture

Share of Profit of Associate and Joint Venture were slightly changed which came from investment in Siam Solar Power Co., Ltd. (SSP), the owner of 8MW Solar Farm Power Plant in Ang Thong, at THB 5 million.

### 2.1.6 Finance Cost and Income Tax

The financial cost for the period was decreased to THB 98 million in accordance with loan repayment, and Income Tax increased to THB 35 million.

## 3. Analysis of Financial Status

### 3.1 Analysis of Assets

Figures in THB Million	31-Mar-19	31-Dec-18	Increase/(Decrease)	% Change
Current assets	12,298.69	12,095.58	203.11	1.68%
Non-current assets	7,189.20	7,264.75	(75.55)	(1.04%)
<b>Total assets</b>	<b>19,487.89</b>	<b>19,360.33</b>	<b>127.56</b>	<b>0.66%</b>

As of 31 March 2019, Total Assets slightly increased by 1% from the end of last year to THB 19,488 million.

Total Current Assets were THB 12,299 million or increased by 2%, major movement as the following items:

- Cash and cash equivalent increased by THB 335 million, primarily due to the collection by overseas projects and Ahlone Power Plant.
- Unbilled contract revenue – Third parties increased by THB 4,186 million and Construction in progress – Third parties decreased by THB 4,130 million, primarily due to the Company has adopted the new Thai Financial Reporting Standards (TFRS) no.15 Revenue from contracts with customers which affects the accounting treatment on revenue recognition of construction. The mainly adjustment came from Long Son Petrochemicals project, PTTGC's LLDPE Expansion and Hexene-1 project, Qatar's Desalination project and other domestic projects.

Total Non-current Assets are not significant changing which were recorded at THB 7,189 million or decreased by 1%.

### 3.2 Analysis of Liabilities and Shareholders' Equity

Figures in THB Million	31-Mar-19	31-Dec-18	Increase/(Decrease)	% Change
Current Liabilities	9,674.64	9,534.27	140.37	1.47%
Non-Current Liabilities	6,699.86	6,829.22	(129.36)	(1.89%)
Total Liabilities	16,374.50	16,363.49	11.01	0.07%
Shareholders' equity	3,113.39	2,996.85	116.54	3.89%
<b>Total Liabilities and shareholders' equity</b>	<b>19,487.89</b>	<b>19,360.33</b>	<b>127.56</b>	<b>0.66%</b>

As of 31 March 2019, Total Liabilities are not significant changing which were recorded at THB 16,375 million.

Total Current Liabilities were THB 9,675 million or increased by 1%, primarily due to the increasing of Deferred construction revenue came from overseas project which were belong to TTCL Vietnam Corporation, the Company's subsidiary.

Total Non-current Liabilities were THB 6,700 million or decreased by 2%, primarily due to the repayment in Long-Term Loan from Financial Institution in accordance with the Loan Agreement for Ahlone's Project Financing.

Shareholder's equity were THB 3,113 million or increased by 4%. The Shareholders' Equity Opening balance as at the beginning of the year was THB 2,997 million, effect from change in accounting policy of THB -38 million, hence Opening balance as restated was THB 2,959 million. Changing in equity of the year consist of interest paid for the period of subordinated perpetual debentures of THB 11 million and total Comprehensive income for the period of THB 165 million. Therefore, the Closing Balance of Shareholders' Equity as of 31 March 2019 were THB 3,113 million.

#### 4. Major Financial Ratios

4.1. Profitability Ratios	31-Mar-19	31-Dec-18	Favorable/Unfavorable
4.1.1. Gross profit margin	20.57%	4.49%	Favorable
4.1.2. Net profit margin	10.03%	5.35%	Favorable
4.1.3. Times Interest Earned ratio	4.00	0.21	Favorable
4.1.4. Earnings per share	0.39	(0.11)	Favorable

4.2. Leverage Ratios	31-Mar-19	31-Dec-18	Favorable/Unfavorable
4.2.1. Current ratio	1.27	1.27	Neutral
4.2.2. Debt/ Equity ratio	5.26	5.46	Favorable
4.2.3. Interest-Bearing Debt/ Equity ratio	2.76	2.85	Favorable

4.3. Shareholders Value Ratios	31-Mar-19	31-Dec-18	Favorable/Unfavorable
4.3.1. Net Book Value	5.05	4.89	Favorable
4.3.2. Return on total assets	1.35%	(0.39%)	Favorable
4.3.3. Return on equity	8.47%	(2.54%)	Favorable

#### 5. Analysis of Cash Flows

Figures in THB Million	31-Mar-19	31-Mar-18	Increase/(Decrease)
Net cash (used in) generated from operating activities	231.17	28.54	202.63
Net cash generated from (used in) investing activities	12.59	132.87	(120.28)
Net cash generated from (used in) financing activities	92.01	(376.46)	468.47
Net increase (decrease) in cash and cash equivalents	335.77	(215.05)	550.82
Beginning balance	987.21	2,235.90	(1,248.69)
Exchange rate gain/(loss) on cash and cash equivalents	(0.80)	(27.17)	26.37
<b>Ending Balance</b>	<b>1,322.18</b>	<b>1,993.68</b>	<b>(671.50)</b>

As of 31 March 2019, the ending balance of cash and cash equivalents was THB 1,322 million, increased THB 336 million compare the last year. Such change was caused by a combination of the Net cash generated from operating activities THB 231 million and the Net cash received from investing activities THB 13 million and the Net cash receipts from financing activities THB 92 million. All of which were detailed in the following.

**5.1 Net cash generated from operating activities, THB 231 million.** The significant changes were:

- Unbilled contract revenue THB 404 million
- + Accrued construction costs THB 495 million
- + Deferred construction revenue THB 171 million

**5.2 Net cash received from investing activities, THB 13 million.** The significant changes were:

- + Proceeds from disposals of property THB 3 million
- + Cash receipts from interest income THB 18 million
- Purchases of equipment THB 9 million

**5.3 Net cash receipts from financing activities, THB 92 million.** The significant changes were:

- Cash payment for long-term loan from financial institution THB 89 million
- + Cash receipts from short-term loan from financial institutions THB 1,630 million
- Cash payment for short-term loan from financial institutions THB 1,438 million

**5.4 Exchange rate losses on cash and cash equivalents THB 0.80 million.**