

TRANSLATION

TTCL PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

1. Operating Performance for the period ended June 30, 2020

For period ending 30th June 2020, the Company reported its Gross Profit at THB 458 million, dropping 49% year over year, driven by decreasing Construction and Service Revenue (EPC) and Revenue from operation power plant.

The foreign exchange difference on translation financial statement was THB 60 million caused by weaker USD during the period. Therefore, the total comprehensive income for the period was THB 209 million.

The net profit for the period was THB 149 million, which attributed to the Company at THB 147 million and the basic earnings per share was THB 0.20 per share.

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

For the six-month period ended

(Unit: Million Baht)

	30-Jun-20		30-Jun-19		Change (%)
Construction and service revenue	3,382.82	99%	5,240.36	92%	(35%)
Revenue from operation power plant	24.88	1%	428.96	8%	(94%)
Total revenues	3,407.70	100%	5,669.32	100%	(40%)
<u>Less</u> Cost of construction and services	(2,939.35)	86%	(4,639.12)	82%	(37%)
<u>Less</u> Costs of operation power plant	(10.44)	0%	(133.98)	2%	(92%)
Total Costs	(2,949.79)	87%	(4,773.10)	84%	(38%)
Gross profit	457.91	13%	896.22	16%	(49%)
<u>Add</u> Other income	54.94	2%	97.53	2%	(44%)
<u>Add</u> Gain from disposal of an indirect subsidiary	0.00	0%	689.68	12%	(100%)
<u>Less</u> Administrative Expenses	(487.14)	14%	(790.40)	14%	(38%)
<u>Add/Less</u> Gain (Loss) on exchange rate, net	251.93	7%	(34.78)	1%	824%
Add Share of Profit / (Loss) of Associate	0.00	0%	11.91	0%	(100%)
Add Share of Profit / (Loss) of Joint venture	58.07	2%	6.13	0%	848%
Profit before Financial Cost and Income Tax	335.70	10%	876.27	15%	(62%)
<u>Less</u> Financial Costs	(117.11)	3%	(185.04)	3%	(37%)
Profit before Income Tax	218.59	6%	691.23	12%	(68%)
<u>Less</u> Income Tax	(69.39)	2%	(18.31)	0%	279%
Net Profit for this period	149.20	4.4%	672.92	11.9%	(78%)

Other comprehensive income (expense)					
Add/(Less) Exchange differences on translating financial statements	60.29	2%	(193.64)	3%	131%
Total comprehensive income for the period	209.49	6%	479.28	8%	(56%)
Profit attributable to :					
Owner of the parent	146.74		659.61		
Non-controlling interests	2.46		13.31		
Net Profit for this period	149.20		672.92		
Basic earning per share (THB)	0.20		1.04		

2.1 Analysis of Revenues, Costs and Expenses

2.1.1 Revenues

Total Revenues recorded at THB 3,408 million, decreased 40% when compare to the same period last year.

Revenues	30-Jun-20	30-Jun-19	Change
Construction and service revenues	3,382.82	5,240.36	(35%)
Revenue from operation power plant	24.88	428.96	(94%)
Total Revenues	3,407.70	5,669.32	(40%)

- EPC Businesses

Revenue from construction and service (EPC) decreased by 35% to THB 3,383 million, this was anticipated due to the effect of Covid-19. During the 2nd quarter, the implementation of curfew period and the preventive measure for employee's temperature check before entering into the construction site had affected the working hour of the large domestic projects.

Furthermore, some major equipment were unable to ship from the countries of origin and some specialists from the manufacturers were unable to fly in from abroad to supervise the installation process. Therefore, these factors affected the overall construction schedule.

- Power Plant Businesses

Revenue from operation of power plant decreased by 94% to THB 25 million, which was due to the divestment of 60% of the total shares in TTGP in May last year.

2.1.2 Costs & Gross Profit

Gross Profit Comparison

30-Jun-20	Revenue	Cost	Gross profit
EPC construction	3,382.82	(2,939.35)	443.47
Operation of Power Plant	24.88	(10.44)	14.44
Total	3,407.70	(2,949.79)	457.91

Gross Profit consists of THB 443 million from construction and service (EPC) and THB 14 million from Operation of Power Plant. The Gross Profit margin for the period is 13%

2.1.3 Other income / Gain (Loss) on Exchange Rate

- Other Income decreased by 44% to THB 55 million as interest income decreased due to TTGP divestment.
- Gain on Exchange Rate was THB 252 million as a result of a weaker Thai Baht during the period.

2.1.4 Administrative expenses

The Administration Expenses decreased by 38% to THB 487 million. For the six-month period of 2020, the Company recorded the Provision Expense of THB 138 million (per adoption of TFRS No. 9). When the Provision Expense were excluded from both years, the administration expenses still dropped by 26% to THB 349 million. The decrease in administration expense mainly driven by reduction in Salary and fringe benefit, long term employee obligation and expense associate with divestment of TTGP.

2.1.5 Share of Profit of Associate and Joint Venture

There is no longer a Share of Profit of Associate due to divestment of Siam Solar Power in the last year. Share of Joint Venture increased significantly to THB 58 million, which came from profit from Joint Venture in TTGP.

2.1.6 Finance Cost and Income Tax

The Financial cost for the period decreased by 37% to THB 117 million due to discharged in loan obligation with Exim bank when the company divested TTGP. The repayment of debenture of THB 2,400 million in May 2020 also contributed in lowering the Company's financial cost. Income tax for the period increased by THB 51 million to THB 69 million.

3. Analysis of Financial Status

3.1 Analysis of Assets

Figures in THB Million	30-Jun-20	31-Dec-19	Increase/(Decrease)	% Change
Current assets	10,546.81	13,572.70	(3,025.89)	(22.29%)
Non-current assets	3,160.36	2,695.11	465.25	17.26%
Total assets	13,707.17	16,267.81	(2,560.64)	(15.74%)

As of 30 June 2020, Total Assets were THB 13,707 million, decreasing by 16% compared with the end of last year.

Total Current Assets decreased by THB 3,026 million or 22%; major movement as the following items:

- Cash and cash equivalents decreased by THB 2,763 million due to repayment of the debentures of THB 2,400 million in May 2020.
- Trade accounts receivable – general customers decreased by THB 167 million due to collection bills from domestic projects.
- Withholding income tax decreased by THB 114 million due to receiving a tax refunds from the Revenue department.

Total Non-current Assets increased by THB 465 million or 17%; major movement as the following items:

- Right of use assets increased by THB 386 million according to the adoption of Thai Financial Reporting Standard (TFRS) no. 16 – Leases in 2020.

3.2 Analysis of Liabilities and Shareholders' Equity

Figures in THB Million	30-Jun-20	31-Dec-19	Increase/(Decrease)	% Change
Current Liabilities	9,407.29	11,430.51	(2,023.22)	(17.70%)
Non-Current Liabilities	1,798.23	2,509.74	(711.51)	(28.35%)
Total Liabilities	11,205.52	13,940.25	(2,734.73)	(19.62%)
Shareholders' equity	2,501.65	2,327.56	174.09	7.48%
Total Liabilities and shareholders' equity	13,707.17	16,267.81	(2,560.64)	(15.74%)

As of 30 June 2020, Total Liabilities were THB 11,206 million, decreasing by 20% compared with the end of last year.

Total Current Liabilities decreased by THB 2,023 million or 18%; major movement as the following items:

- Accrued construction cost decreased by THB 798 million due to billing from suppliers which mainly from domestic projects.
- Debenture due within one year decreased by THB 1,325 million due to repayment of the debentures of THB 2,400 million in May and re-classify the period of debenture due within one year of THB 1,075 million which was issued since 2016 will be due in Jan 2021.

Total Non-current Liabilities decreased by THB 712 million or 28%; major movement as the followings items:

- Lease liabilities increased by THB 352 million according to the adoption of Thai Financial Reporting Standard (TFRS) no. 16 – Leases in 2020.
- Debenture decreased by THB 1,075 million, which moved to Debenture due within one year.

Shareholder's equity were THB 2,502 million or increased by 7%. The Shareholders' Equity Opening balance as of the beginning of the year was THB 2,328 million, Impact of first-time adoption of new accounting standards THB -13 million, hence Opening balance as restated was THB 2,314 million. Changing in equity of the period consist of profit for the period of THB 147 million, other comprehensive profit for the period of THB 63 million and interest paid for the period of subordinated perpetual debentures of THB 22 million. Therefore, the Closing Balance of Shareholders' Equity as of 30 June 2020 were THB 2,502 million.

4. Major Financial Measures

4.1. Profitability Ratios	30-Jun-20	30-Jun-19	Favorable/Unfavorable
4.1.1. Gross profit margin	13.44%	15.81%	Unfavorable
4.1.2. Net profit margin	4.38%	11.87%	Unfavorable
4.1.3. Times Interest Earned ratio	2.87	4.74	Unfavorable
4.1.4. Earnings per share	0.20	1.04	Unfavorable

4.2. Leverage Ratios	30-Jun-20	31-Dec-19	Favorable/Unfavorable
4.2.1. Current ratio	1.12	1.19	Unfavorable
4.2.2. Debt/ Equity ratio	4.48	5.99	Favorable
4.2.3. Interest-Bearing Debt/ Equity ratio	1.38	2.51	Favorable

4.3. Shareholders Value Ratios	30-Jun-20	31-Dec-19	Favorable/Unfavorable
4.3.1. Net Book Value	4.06	3.78	Favorable
4.3.2. Return on total assets	1.09%	(1.16%)	Favorable
4.3.3. Return on equity	5.96%	(8.11%)	Favorable

5. Analysis of Cash Flows

Figures in THB Million	30-Jun-20	30-Jun-19	Increase/(Decrease)
Net cash provided from (used in) operating activities	(368.05)	487.53	(855.57)
Net cash provided from (used in) investing activities	18.42	2,027.98	(2,009.56)
Net cash provided from (used in) financing activities	(2,464.24)	(547.24)	(1,917.00)
Net increase (decrease) in cash and cash equivalents	(2,813.87)	1,968.27	(4,782.14)
Beginning balance	4,959.66	987.21	3,972.45
Exchange rate gain/(loss) on cash and cash equivalents	50.74	(95.19)	145.93
Ending Balance	2,196.52	2,860.28	(663.76)

As of 30 June 2020, the ending balance of cash and cash equivalents was THB 2,197 million, decreased THB 664 million compare to the same period last year. Such change was caused by a combination of the Net cash used in operating activities THB 368 million and the Net cash provided from investing activities THB 18 million and the Net cash used in financing activities THB 2,464 million. All of which are detailed in the following.

5.1 Net cash used in operating activities, THB 368 million. The significant changes were:

+ Cash provided from operation before changes in operating assets and liabilities THB 358 million

- + Trade accounts receivable THB 190 million
- + Trade account payable THB 190 million
- Advance received from customers THB 205 million
- Accrued construction costs THB 798 million

5.2 Net cash provided from investing activities, THB 18 million. The significant changes were:

- + Cash receipt from interest income THB 42 million
- Payment for general investment THB 29 million

5.3 Net cash used in financing activities THB 2,464 million. The significant changes were:

- Cash payment for debentures THB 2,400 million
- Cash payment for lease liabilities THB 42 million
- Cash payment for interest from subordinated perpetual debentures THB 22 million

5.4 Exchange rate gain on cash and cash equivalents THB 51 million.