

Date 11 November 2020

Re: Management Discussion & Analysis for the 9-months period Ended 30 September 2020
 To The President of the Stock Exchange of Thailand (SET)

CHAOPRAYAMAHANAKORN PUBLIC COMPANY LIMITED (“The Company”) would like to provide an explanation regarding our financial performance for the 9-months period ended 30 September 2020 as follows:

Financial Performance

	For the 9 months period ended					
	30 September 2020		30 September 2019		Change	
	Millions of THB	%	Millions of THB	%	Millions of THB	%
Revenue from sale of real estate	679.80	84.01%	1,003.47	91.27%	(323.67)	(32.26%)
Revenue from construction service	98.87	12.22%	59.91	5.45%	38.96	65.03%
Total Revenue	778.67	96.23%	1,063.38	96.72%	(284.71)	(26.77%)
Cost of sales	(397.75)	(49.15%)	(576.34)	(52.42%)	(178.59)	(30.99%)
Cost of construction service	(98.57)	(12.18%)	(68.70)	(6.25%)	29.87	43.48%
Total Cost	(496.32)	(61.33%)	(645.04)	(58.67%)	(148.72)	(23.06%)
Gross Profit	282.35	34.89%	418.34	38.05%	(135.99)	(32.51%)
Other Revenue	30.53	3.77%	36.08	3.28%	(5.55)	(15.38%)
Selling Expense	(128.46)	(15.87%)	(175.92)	(16.00%)	(47.46)	(26.98%)
Administrative Expense	(129.29)	(15.98%)	(146.81)	(13.35%)	(17.52)	(11.93%)
Reversal of (expected credit losses)	(2.58)	(0.32%)	0.00	-	2.58	100.00%
Other Expenses	(19.86)	(2.45%)	(25.98)	(2.36%)	(6.12)	(23.56%)
EBIT	32.69	4.04%	105.71	9.61%	(73.02)	(69.08%)
Financing cost	(10.61)	(1.31%)	(56.33)	(5.12%)	(45.72)	(81.16%)
EBT	22.08	2.73%	49.38	4.49%	(27.30)	(55.29%)
Corporate Income Tax	(13.75)	(1.70%)	(30.38)	(2.76%)	(16.63)	(54.74%)
Net Profit	8.33	1.03%	19.00	1.73%	(10.67)	(56.16%)

Revenue from Sale of real estate

Revenue from sale of real estate for the 9-months period ended 30 September 2020 and 2019 were THB 679.80 and 1,003.47 million respectively. Revenue from sale of real estate declined by THB 323.67 million or 32.26%. This is because the slowdown of real estate business sector resulted from Loan to Value regulation or "LTV" since 2019. Moreover, the household debt has been steadily increased in recent years which result to the strict in granting a loan to the borrower from many financial institutions. As well as, the epidemic of Covid 19 have severe negative impacts on the economy. There are many industries that have been impacted from this pandemic which most directly are service and tourism industries. Therefore, this results to lower entrepreneurs and workers income, increase in unemployment rate, people in general are worried about uncertainty financially. As a result, people will most likely postpone their purchase a high value asset which buying a real estate is one of them.

Cost of sales and Gross Profit

Cost of sales for the 9-months period ended 30 September 2020 and 2019 were THB 397.75 and 576.34 million respectively. Cost of real estate sold accounted for 58.51% and 57.43% respectively when compared to revenue from real estate.

However, gross margins for the 9-months period ended 30 September 2020 and 2019 were 41.49% and 42.57% respectively.

SG&A

The Company selling expense for the 6-months period ended 30 September 2020 and 2019 were THB 128.46 and 175.92 million respectively. Selling expense has decreased by THB 47.46 million or 26.98%.

The Company administrative expense for the 9-months period ended 30 September 2020 and 2019 were THB 129.29 and 146.81 million respectively. Administrative expense decreased by THB 17.52 million or 11.93%. This is because of the inauguration of the cost and expense saving policy of the Company which currently affected from Covid 19 outbreak.

Financing Cost

The Company financing cost for the 9-months period ended 30 September 2020 and 2019 were THB 10.61 and 56.33 million respectively, a significance decreased of THB 45.72 million or 81.16%. This is because the Company repaid majority of short-term loan. As a result, the financing cost was reduced. As 30 September 2020.

Net Profit

The Company net profit for the 9-months period ended 30 September 2020 and 2019 were THB 8.33 and 19.00 million respectively, a decrease of THB 10.66 million or 56.16%. Major reason for sharp decrease in Company net income is due mainly to the epidemic of Covid 19 which have a negative impact in revenue from real estate business. Therefore, the net profit margin of the Company was 1.03% and 1.73%, respectively.

Conclusion

As 30 September 2020, the Company backlog was THB 1,835.36 million and the company's inventory was THB 5,404.23 million including 7 projects under construction which are currently on sell and expected to complete in 2020 – 2021 for 4 projects.

Please be informed accordingly.

Yours truly,

-Mr. Wichian Padhayanun-

Mr. Wichian Padhayanun
Acting Chief Financial Officer