

17 May 2022

Subject: Management Discussion and Analysis For the Three-month Period Ended 31 March 2022

Attention: President of the Stock Exchange of Thailand

## **1.Executive Summary**

In 1Q2022, the situation of Coronavirus 2019 or Covid-19 is still present. Moreover, the Russian-Ukrainian Crisis has further affected the global economic situation, including Thailand is still slows down which there are various external factors and risks to all business. However, the Company is committed to executing business strategies and managing the organization carefully. We are also closely monitored the situation and will adjust the action plan to suit the next situation.

### **Significant Events in 1Q2022**

#### **Signed the Construction Agreement of MRT Purple Line Project**

On 11 March 2022, CKST-PL Joint Venture entered into the agreement, as the contractor, the Contract Agreement for the Purple Line Project, Tao Pun-Rat Burana (Kanchanapisek Road) Section, with the Mass Rapid Transit Authority of Thailand. CKST-PL Joint Venture is a joint arrangement which is treated as a joint operation between the Company and Sino-Thai Engineering and Construction Public Company Limited, with the Company having an interest in the joint operation of 55 percent according to the joint venture agreement. As per the details as follows:

1. Contract 1: Underground Civil Works, Tao Pun-National Library Section.

Total Contract Value: Baht 19,430,000,000 including value added tax.

2. Contract 2: Underground Civil Works, National Library-Phan Fa Section .

Total Contract Value: Baht 15,878,000,000 including value added tax .

## Company Rating and Issue Rating of CH.Karnchang Public Company Limited

On 27 April 2022, TRIS Rating Co., Ltd. (“TRIS Rating”) assigned credit rating of the Company at “A-” (with Stable outlook) and credit rating for all Company’s unsecured, unsubordinated debentures at “A-” (with Stable outlook) .

### Approval of Dividend Payment from the 2021 Operating Results

On 29 April 2022, the 2022 Annual General Meeting of the Company’s shareholders approved the dividend payment from the Company’s operational results for the year 2021 of Baht 0.25 per share, totaling approximately Baht 414 million. The record date to determine the list of shareholders entitled to receive the dividends was on 15 March 2022 (“Record Date”). The dividend will be paid on 23 May 2022.

## 2. Analysis of Operating Results from the Consolidated Financial Statements for the three-month period ended 31 March 2022

The Company had the operating results from the Consolidated Financial Statements for the Three-month Period Ended 31 March 2022 as follow;

Income Statement  Unit: Million Baht	For the three-month period ended		Change	
	31 March 2022	31 March 2021	Amount	%
Revenues from construction contracts	7,039.39	2,936.80	4,102.59	139.70
Other income	243.85	607.00	(363.15)	(59.83)
Total revenues	7,283.24	3,543.80	3,739.44	105.52
Cost of construction services	6,448.94	2,694.05	3,754.89	139.38
Administrative expenses	468.85	472.20	(3.35)	(0.71)
Total expenses	6,917.79	3,166.25	3,751.54	118.49
Operating profit	365.45	377.55	(12.10)	(3.20)
Share of profit from investments in associated companies	83.85	159.88	(76.03)	(47.55)
Finance cost	330.43	331.99	(1.56)	(0.47)
Income tax expenses	4.35	8.18	(3.83)	(46.82)
Profit (loss) for the period	114.52	197.26	(82.74)	(41.94)
Profit (loss) attributable to non-controlling interests of the subsidiaries	(6.87)	(10.41)	3.54	(34.01)
Profit (loss) attributable to equity holders of the Company	121.39	207.67	(86.28)	(41.55)

*Net profit attributable to equity holders of the Company amounting to Baht 121 million, a decline of Baht 86 million as compared to the same period of the previous year.*

The Company and its subsidiaries had net profit attributable to equity holders of the Company amounting to Baht 121 million, a decline by Baht 86 million or 41.55% as compared to the same period of the previous year. This was mainly due to the Company had the interest compensation for construction services in the 1Q2021 and had decreased of share of profit from investments in associated companies in the 1Q2022.

*Revenues from construction contracts of Baht 7,039 million, an increase of Baht 4,103 million from the same period of the previous year.*

The Company and its subsidiaries reported revenues from construction contracts of Baht 7,039 million, representing 96.65% of total revenues, an increase of Baht 4,103 million or 139.70% from the same period of the previous year. The revenue increased because the Company and its subsidiaries have income from the progress of construction revenue in the Construction of the Railway Project, Den Chai-Chiang Rai-Chiang Khong, Contract 2: Ngao-Chiang Rai Section and the Construction of the Railway Project, Den Chai-Chiang Rai-Chiang Khong, Contract 3: Chiang Rai-Chiang Khong Section and Preliminary Construction Works.

*Cost of construction services amounting to Baht 6,449 million, an increase by Baht 3,755 million from the same period of the prior year.*

In 1Q2022, the Company and its subsidiaries registered cost of construction services amounting to Baht 6,449 million, an increase by Baht 3,755 million or 139.38% from the same period of the prior year. The Company and its subsidiaries' gross profit for the 1Q2022 was Baht 590 million, an increase by Baht 347 million or 143.23% from the same period of prior year due to increased revenues from construction contracts, while gross profit margin was 8.39%, compared 8.27% in the year of 2021.

*Administrative Expenses amounting to Baht 469 million, drop by Baht 3 million from the same period of the prior year.*

In 1Q2022, the Company and its subsidiaries had administrative expenses of Baht 469 million, drop by Baht 3 million or 0.71% from the same period of the prior year.

*Share of profit from investments in associated companies of Baht 84 million, drop by Baht 76 million from the same period of the prior year.*

In 1Q2022, the Company and its subsidiaries had share of profit from investments in associated companies of Baht 84 million, drop by Baht 76 million from the same period of the prior year. Due to BIC, the subsidiaries of CK Power Public Company Limited, has increase operation cost form higher natural gas price. Moreover, the

financial performance of Bangkok Expressway and Metro Public Company Limited had weakened from the COVID-2019 pandemic which led to less transportation.

*Finance cost amount to Baht 330 million and Net-Debt-to-Equity ratio was 1.44 times.* In 1Q2022, the Company and its subsidiaries had finance cost amount Baht 330 million, nearly from the same period of the prior year. Net-Debt-to-Equity ratio according to the Company's consolidated financial statement as of March 31, 2022 was 1.44 times, slightly increases from the end of prior year which was 1.39 times. Still, the ratio did not exceed 3.00 times, which is the covenant for bank loans and debenture.

Statement of Financial Position Unit: Million Baht	March 31, 2022	December 31,2021	Change	
			Amount	%
Assets	79,594.98	83,420.94	(3,825.96)	(4.59)
Liabilities	53,387.69	57,312.98	(3,925.29)	(6.85)
Shareholders' equity	26,207.29	26,107.96	99.33	0.38

*Total Assets amounted to Baht 79,595 million, decreased by Baht 3,826 million from the end of 2021.* As 31 March 2022, Total Assets amounted to Baht 79,595 million, decreased by Baht 3,826 million from the end of 2021 primarily from the progress of construction revenue which was declined in cash and cash equivalent and costs to fulfil contracts with customers.

*Total liabilities amounted to Baht 53,388 million, decreased by Baht 3,925 million from the end of 2021.* As 31 March 2022, the Company and its subsidiaries had Total liabilities amounted to Baht 53,388 million, decreased by Baht 3,925 million from the end of 2021. Mainly due to decreased in advance received from employers.

*Total shareholders' equity amounted to Baht 26,207 million, increased by Baht 99 million from the end of 2021.* As 31 March 2022, the Company and its subsidiaries had Total shareholders' equity amounted to Baht 26,207 million, increased by Baht 99 million from the end of 2021 from operating results in 1Q2022.

<b>Cash flow statement for the three-month period ended 31 March 2022</b>	<b>Unit : Million Baht</b>
Net cash flows used in operating activities	(1,419.47)
Net cash flows used in investing activities	(91.80)
Net cash flows from financing activities	159.17
Effect of exchange rate changes on cash and cash equivalents	(1.46)
Net decrease in cash and cash equivalents	(1,353.56)

*Net cash outflow from operating activities of Baht 1,419 million, Net cash outflow from investing activities of Baht 92 million, Net cash inflows from financing activities of Baht 159 million.*

As 31 March 2022, the Company and its subsidiaries had net cash of Baht 5,419 million. Net cash outflow from operating activities of Baht 1,419 million came from the Company and its subsidiaries had the progress of construction projects on hand. Net cash outflow from investing activities of Baht 92 million were for investments in plant and equipment. Net cash inflows from financing activities were Baht 159 million mainly from more bank loans. As a result, net cash decreased by Baht 1,354 million or 19.99% from the last year.

#### Significant Financial Ratios

	<b>March 31, 2022</b>	<b>December 31,2021</b>	<b>Changes</b>
<b><u>Liquidity Ratio</u></b>			
1. Current Ratio	1.15	1.13	0.02
2. Quick Ratio	0.55	0.52	0.03
<b><u>Leverage Ratios</u></b>			
3. Net Interest-bearing Debt to Total Shareholders' Equity Ratio	1.44	1.39	0.05
4. Interest Coverage Ratio	1.91	2.18	(0.27)

	<b>1Q 2022</b>	<b>1Q 2021</b>	<b>Changes</b>
<b><u>Profitability Ratios</u></b>			
1. Gross Profit Margin	8.39%	8.27%	0.12%
2. Net Profit Margin	1.67%	5.86%	(4.19%)
3. Return on Equity Ratio	3.14%	3.58%	(0.44%)
4. Earnings per share (Baht)	0.07	0.13	(0.06)
<b><u>Efficiency Ratio</u></b>			
5. Return on Fixed Assets	12.84%	13.62%	(0.78%)

Please be informed accordingly.

Sincerely yours

(Mrs. Suparnas Trivisvavet and Mr. Anukool Tuntimas)

Directors