

May 15 , 2024

Subject: Management Discussion and Analysis for the three-month period ended March 31, 2024

Attention: President

The Stock Exchange of Thailand

## **1. Business Overview**

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CH. Karnchang Public Company Limited operates its core business of two categories, namely, (1) the construction business; and (2) the regional basic infrastructure investment and development business, as well as establishing the long-term goals to strengthen the synergy towards sustainability to ensure stable and sustainable growth of the Company's business operations . With to upholding the resolve and principles of operation that guide it in choosing to undertake projects that are absolutely dedicated to benefit the society and country to ensure an improved quality of life in all spheres while also taking community, social, and environmental responsibility as well as generating the highest returns ; as a result, CH. Karnchang Public Company Limited is becoming the region's leading light in high-quality, fully integrated infrastructure development and construction business.

### **Significant Events in 1Q2024**

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

On 8 March 2024, 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 2023 Operating Results**

On 17 April 2024, the 2024 Annual General Meeting of the Company's shareholders approved the dividend payment from the Company's operational results for the year 2023 of Baht 0.30 per share, totaling not exceeding Baht 508 million such dividend would be paid from the Company's retained earnings. In this regard, the record date was on March 14, 2024 for the right to receive dividend payment for the second half of 2023 at the rate of Baht 0.15 per share in a total amount not exceeding Baht 254 million and the dividend payment is scheduled to be paid on May 2, 2024.

## 2. Analysis of Operating Results

The Company had the consolidated operating result and financial position for the three-month period ended March 31, 2024 as follows:

Description  Unit: Million Baht	For the three-month period ended		Change	
	March 31,2024	March 31,2023	Amount	%
Revenues from construction contracts	9,457.70	9,425.32	32.38	0.34
Other income	209.01	265.62	(56.61)	(21.31)
Total revenues	9,666.71	9,690.94	(24.23)	(0.25)
Cost of construction services	8,741.03	8,756.18	(15.15)	(0.17)
Administrative expenses	533.04	494.73	38.31	7.74
Total expenses	9,274.07	9,250.91	23.16	0.25
Operating profit	392.64	440.03	(47.39)	(10.77)
Share of profit from investments in associated companies	165.38	200.11	(34.73)	(17.36)
Finance cost	359.54	395.92	(36.38)	(9.19)
Income tax expenses	33.40	9.52	23.88	250.84
Profit (loss) for the period	165.07	234.70	(69.63)	(29.67)
Profit (loss) attributable to non-controlling interests of the subsidiaries	44.07	17.24	26.83	155.63
Profit (loss) attributable to equity holders of the Company	121.00	217.46	(96.46)	(44.36)

*Net profit attributable to equity holders of the Company amounting to Baht 121 million, an decrease of Baht 96 million as compared to the same period of the previous year.*

Performance for the three-month period ended March 31, 2024, the Company and its subsidiaries had net profit attributable to equity holders of the Company amounting to Baht 121 million, an decrease of Baht 96 million or 44.36% as compared to the same period of the previous year. This was mainly due to the decrease by share of profit from investments in associated companies and other revenues.

*Revenues from construction contracts of Baht 9,458 million, an increase of Baht 32 million from the same period of the previous year.*

In 1Q2024, the Company and its subsidiaries reported revenues from construction contracts of Baht 9,458 million, representing 97.84% of total revenues, an increase of Baht 32 million or 0.34% as compared to the same period of the previous year. The revenue increased because the Company and its subsidiaries have income from going and new project of construction revenue which operation are progressing and according to the established plans etc., the Project of Construction of Learning and Research Centre Commemorating Her Royal Highness Princess Chulabhorn's 60<sup>th</sup> Birthday Anniversary ,the Construction Project of Water Transmission Tunnels Bangmod-Samrong ,the Construction Project of the Bang Ban - Bang Sai Flood Drainage Canal and Appurtenant Structures ,the Construction of Thonburi Wastewater Treatment System and a public park at Bang Khun Non Subdistrict , Bangkok. Include the Construction Project of the MRT Purple Line: Tao Poon - Rat Burana Section. Also 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 and Contract 3: Chiang Rai-Chiang Khong Section , and The Luang Prabang Hydroelectric Power Project.

*Cost of construction services amounting to Baht 8,741 million, an decrease by Baht 15 million from the same period of the prior year.*

In 1Q2024, the Company and its subsidiaries registered cost of construction services amounting to Baht 8,741 million, an decrease by Baht 15 million or 0.17% from the same period of the prior year. The Company and its subsidiaries' gross profit was Baht 717 million, an increase by Baht 48 million or 7.10% because the Company and its subsidiaries have the progress of construction, while gross profit margin was 7.58% compared 7.10% in the year of 2023.

*Administrative Expenses amounting to Baht 533 million, an increase by Baht 38 million from the same period of the prior year.*

In 1Q2024, the Company and its subsidiaries had administrative expenses of Baht 533 million, up by Baht 38 million or 7.74% from the same period of the last year from employee-related expenses.

***Share of profit from investments in associated companies of Baht 165 million, an decrease by Baht 35 million from the same period of the prior year.*** In 1Q2024, the Company and its subsidiaries had share of profit from investments in associated companies of Baht 165 million, an decrease by Baht 35 million or 17.36% from the same period of the last year. The mainly came from CK Power Public Company Limited recognise in Share of Profit from Investments in XPCL driven by lower electricity sales volume and higher finance cost following the rising global interest rates , while Bangkok Expressway and Metro Public Company Limited up by share of profit due to the growth was attributable to an increase in revenues across all three businesses, including toll revenue, farebox and O&M revenues, and commercial development revenue.

***Finance cost amount to Baht 360 million and Net-Debt-to-Equity ratio was 1.92 times.*** In 1Q2024, the Company and its subsidiaries had finance cost amount Baht 360 million, an decrease by Baht 36 million from the same period of last year, Net-Debt-to-Equity ratio according to the Company’s consolidated financial statement was 1.92 times, increased from the end of prior year which was 1.84 times. Still, the ratio did not exceed 3.00 times, which is the covenant for bank loans and debentures.

Description Unit: Million Baht	March 31 , 2024	December 31 , 2023	Change	
			Amount	%
Assets	98,833.98	96,745.42	2,088.56	2.16
Liabilities	72,579.68	70,736.93	1,842.75	2.61
Shareholders' equity	26,254.30	26,008.50	245.80	0.95

***Total Assets amounted to Baht 98,834 million, increased by Baht 2,089 million from the end of 2023.*** As of March 31, 2024 , the Company and its subsidiaries had total assets of Baht 98,834 million. A growth of Baht 2,089 million from the end of 2023 was primarily from trade and other receivables and advance payment to subcontractors which receiving the progress of construction revenue in the new project including increased investment in associated companies in Bangkok Expressway and Metro Public Company Limited and Luang Prabang Power Company Limited .

***Total liabilities amounted to Baht 72,580 million, increased by Baht 1,843 million from the end of 2023.*** As of March 31, 2024, the Company and its subsidiaries had total liabilities amounted to Baht 72,580 million, increased by Baht 1,843 million from the end of 2023 mainly due to an increase in bank loans .

*Total shareholders' equity amounted to Baht 26,254 million, increased by Baht 246 million from the end of 2023.* As of March 31, 2024, the Company and its subsidiaries had total shareholders' equity amounted to Baht 26,254 million, increased by Baht 246 million from the end of 2023, mainly driven by the operating results of 1Q2024.

<b>Cash flow : Description for the three-month period ended March 31, 2024</b>	<b>Unit : Million Baht</b>
Net cash flows used in operating activities	(1,972.75)
Net cash flows used in investing activities	(603.64)
Net cash flows from financing activities	1,423.19
Effect of exchange rate changes on cash and cash equivalents	(25.42)
Net decrease in cash and cash equivalents	(1,178.62)

*Net cash flows used in operating activities of Baht 1,973 million, Net cash flows used in investing activities of Baht 604 million, Net cash flows from financing activities of Baht 1,423 million.*

For the first three months of 2024, the Company and its subsidiaries had net cash flows used in operating activities of Baht 1,973 million came from operation of the Company and its subsidiaries. Net cash flows used in investing activities of Baht 604 million mainly from additional investment in associated include purchasing of fixed assets. Net cash flows from financing activities of Baht 1,423 million mainly from more loans from financial institutions. As a result, net cash decreased by Baht 1,179 million from the beginning balance. As of March 31, 2024, the Company and its subsidiaries had cash and cash equivalents of Baht 6,605 million.

#### **Significant Financial Ratios**

<b><u>Liquidity Ratio</u></b>	<b>March 31,2024</b>	<b>December 31,2023</b>	<b>Changes</b>
1. Current Ratio	1.18	1.20	(0.02)
2. Quick Ratio	0.38	0.44	(0.06)
<b><u>Leverage Ratios</u></b>			
3. Net Interest-bearing Debt to Total Shareholders' Equity Ratio	1.92	1.84	0.08
4. Interest Coverage Ratio	2.02	2.48	(0.46)

	<b>March 31,2024</b>	<b>March 31,2023</b>	<b>Changes</b>
<b><u>Profitability Ratios</u></b>			
1. Gross Profit Margin	7.58%	7.10%	0.48%
2. Net Profit Margin	1.25%	2.24%	(0.99%)
3. Return on Equity Ratio	5.52%	4.73%	0.79%
4. Earnings per share (Baht)	0.07	0.13	(0.06)
<b><u>Efficiency Ratio</u></b>			
5. Return on Fixed Assets	20.73%	16.09%	4.64%

Please be informed accordingly.

Sincerely yours

(Mr. Nattawut Trivisvavet and Mr. Anukool Tuntimas)

Directors