



13 August 2019

Subject Explanation of the change in operating results for the three-month and six-month ended June 30, 2019 over 20% compared with the same period of previous year

To President  
The Stock Exchange of Thailand

Nava Nakorn Public Company Limited would like to explain the change in operating results for the three-month and six-month ended June 30, 2019 compared with the same period of previous year as follows:-



Net profit (loss)

Compared Q2/2019 and Q2/2018

⊕ The Company reported the operating results for the three-month ended June 30, 2019 with the net profit of the consolidated financial statements of Baht 41.2 million which operating profit results decreased by Baht 48.4 million or operating profit results decreased by 54% compared with the same period of previous year which generated the net profit of the consolidated financial statements of Baht 89.6 million, effect from none of sale of real estate development projects and also share of loss of investment in a joint venture in this period.

However, recurring profit was maintained due to no significant change of customer's utilities usage in overall.

In addition, managing expenses were continuously proceeded to decrease by management team.



Financial Position

⊕ As of June 30, 2019, the Company upheld its healthy financial position, with total consolidated assets amounting to Baht 4,159.3 million, of which Baht 768.0 million was cash and cash equivalents, short term investment and fixed deposit at financial institution; while total consolidated liabilities were reported at Bath 1,168.8 million in which interest-bearing debt accounted for Baht 344.4 million ;and total consolidated shareholders' equity ended at Baht 2,990.5 million.

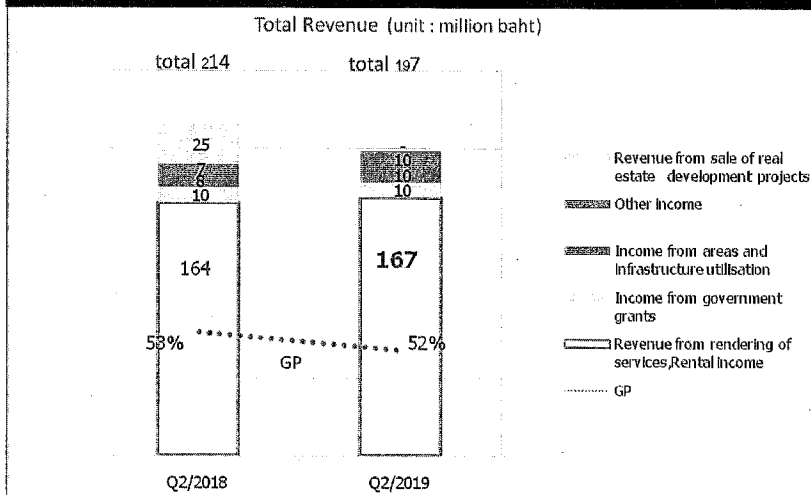
Table of key financial results

(Unit: Million Baht)

(Unit: Million Baht)			%
	Q2 2019	Q2 2018	Inc. (Dec.) YoY
Total Revenue	197	214	(8%)
Revenue from rendering of services ,Rental income	167	164	2%
EBITDA	91	100	(9%)
Profit (loss) for the period	41	90	(54%)
<input checked="" type="checkbox"/> Profit (loss) from recurring income	46	47	(2%)
<input checked="" type="checkbox"/> Profit (loss) from share of net profit - joint venture	(15)	28	(153%)
<input checked="" type="checkbox"/> Income from areas and infrastructure utilisation - joint venture	10	9	21%
<input checked="" type="checkbox"/> Profit (loss) from sale of real estate development projects	-	6	(100%)

; with the highlight financial information details as follows:

**1. Revenue from sale of real estate development projects, Revenue from rendering of services ,Rental income and other income**



◀ the Company had revenue from rendering of services and rental income (recurring income) for the three-month ended June 30, 2019 of Baht 167.5 million ,compared with the same period of previous year, there were revenue from rendering of

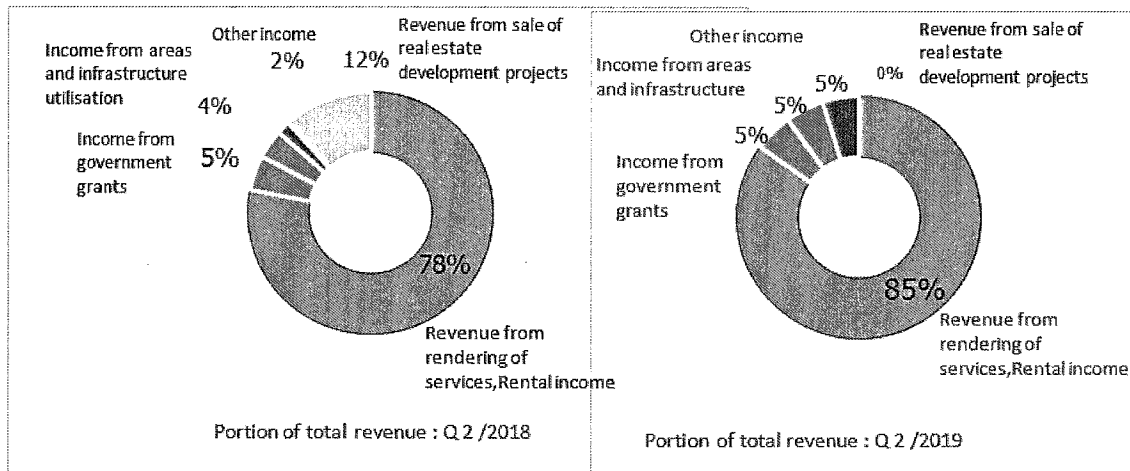
services and rental income amounting to Baht 164.4 million which increased by 2% or Baht 3.1 million which mainly resulted from customer's utilities usage was maintained in overall.

◀◀ There was none of sale of real estate development projects in this period while the same period of the previous year ,there was sale of real estate development projects of Baht 25.0 million which decreased for the whole amount.

◀◀ Part of other income, the Company had other income for the three-month ended June 30, 2019, comprised of Income from government grants of Baht 10.0 million , which were no significant change compared with the same period of the previous year.

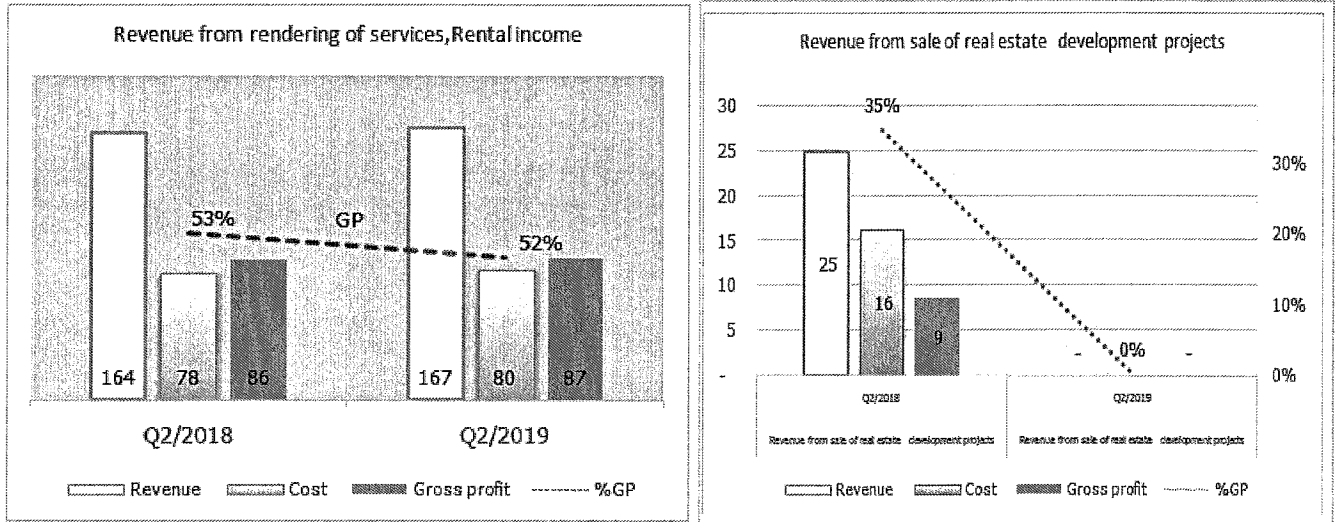
Income from areas and infrastructure utilisation of Baht 10.1 million, increasing by Income from areas and infrastructure utilization – expansion phase of Baht 0.6 million per month (income per contract was of Baht 165 million with period of 23 years since 1 July 2018)

and other income of Baht 9.9 million, mainly increasing due to more interest income and dividend receipt in this period.



◀◀ Recurring income comprised of Revenue from rendering of services, Rental income which represented 85% of total revenue of Q2/2019.

## 2. Cost of Sale of real estate development projects, Cost of rendering of services and Gross Profit



◀◀ During three-month ended June 30, 2019, the Company had cost of rendering of services of Baht 80.1 million together with gross profit of Baht 87.4 million whereas the same period of the previous year, the Company had cost of rendering of services of Baht 78.0 million together with gross profit of Baht 86.4 million. Gross profits margin increased of Baht 1.0 million.

Gross profit margin - rendering of services and rental income 52% , no significant change compared to the same period of the previous year at 53%.

◀◀ The Company had none of cost of sale of real estate development projects in this period, compared to the same period of previous year, it shown cost of sale of real estate development projects of Baht 16.4 million with profit margin of Baht 8.6 million or 35%, decreased for 100%, along with relative revenues as mentioned above.

## 3. Selling expenses and administrative

◀◀ Selling expenses and administrative expenses for three-month ended June 30, 2019 was Baht 58.9 million compared with the same period of previous year which was Baht 54.2 Million, increased by Baht 4.7 million or 9%, effect from more employee benefits expense enforced by the Labour Protection Act (No.7) B.E. 2562 (2019)

However, the overall managing expenses were continuously proceeded to decrease by management team since year 2015.

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#### 4. Depreciation expenses

◀◀ For three-month ended June 30, 2019, the Company had depreciation expenses of plant & equipments and Investment Properties of Baht 46.7 million, slightly increased while compared with the same period of previous year which was Baht 46.2 million.

#### 5. Finance Costs

◀◀ For three-month ended June 30, 2019, the Company had finance costs of Baht 0.4 million, , slightly increased while compared with the same period of previous year which was Baht 0.3 million, due to the Company had continuously made its financial restructuring since November 2014 to present by reforming loan from financial institution with high interest rate to issuing Bill of Exchange that had lower interest rate, negotiation to meet lower interest rate and fee and repayment for interest bearing debts.

#### 6. Share of profit (loss) of investment in a joint venture

◀◀ For three-month ended June 30, 2019, the Company had recorded Share of profit (loss) of investment in a joint venture – NNEG of Baht (15.0) million (calculated by profit (loss) -NNEG– COD phase of Baht (50.0) million X 29.99%, according to IFRS 11 : Joint Arrangements) decreased from the same period of previous year due to it had scheduled maintenance.

While the same period of previous year, the Company had recorded Share of profit (loss) of investment in a joint venture – NNEG of Baht 28.2 million (calculated by profit-NNEG– COD phase of Baht 94 million X 29.99%, according to IFRS 11 : Joint Arrangements).

#### 7. Income tax expenses

◀◀ For three-month ended June 30, 2019, the Company had recorded income tax expenses of Baht 1.8 million, , compared with the same period of previous year which was income tax expenses of Baht 4.2 million, decreased of Baht 2.5 million or 58% along with less taxable income in this year.



Net profit (loss)

Compared 6M/2019 and 6M/2018

⊕ The Company reported the operating results for the six-month ended June 30, 2019 with the net profit of the consolidated financial statements of Baht 97.5 million which operating profit results decreased by Baht 98.0 million or operating profit results decreased by 50% compared with the same period of previous year which generated the net profit of the consolidated financial statements of Baht 195.5 million, effect from none of sale of real estate development projects and also share of loss of investment in a joint venture in this period.

⊕ In addition, managing expenses were continuously proceeded to decrease by management team.

Table of key financial results

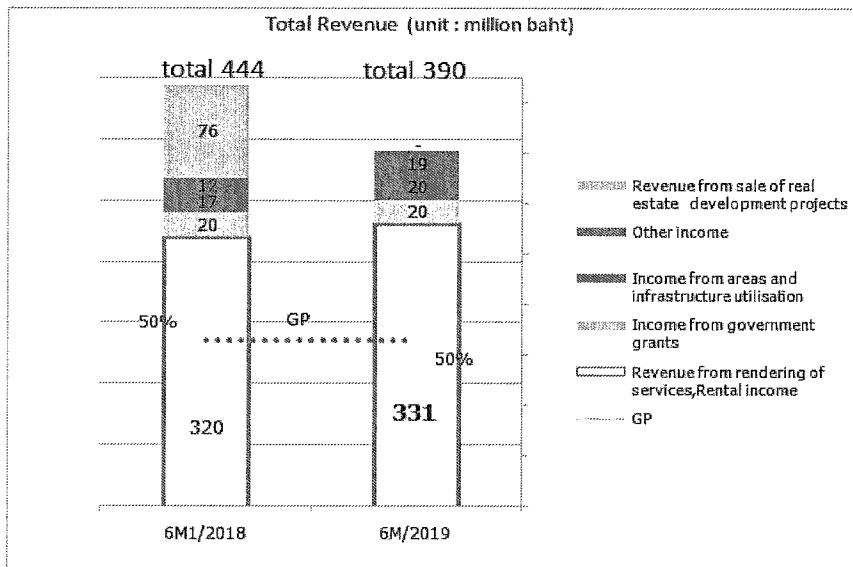
(Unit: Million Baht)

(Unit: Million Baht)	Jan-Jun		%
	2019	2018	Inc. (Dec.)
			YoY
Total Revenue	<b>390</b>	444	(12%)
Revenue from rendering of services ,Rental income	<b>331</b>	320	3%
EBITDA	<b>175</b>	214	(18%)
Profit (loss) for the period	<b>98</b>	196	(50%)
<input checked="" type="checkbox"/> Profit (loss) from recurring income	<b>85</b>	73	15%
<input checked="" type="checkbox"/> Profit (loss) from share of net profit - joint venture	<b>(7)</b>	64	(112%)
<input checked="" type="checkbox"/> Income from areas and infrastructure utilisation - joint venture	<b>20</b>	17	21%
<input checked="" type="checkbox"/> Profit (loss) from sale of real estate development projects	<b>-</b>	41	(100%)

; with the highlight financial information details as follows:



**1. Revenue from sale of real estate development projects, Revenue from rendering of services, Rental income and other income**



◀◀ the Company had revenue from rendering of services and rental income (recurring income) for the six-month ended June 30, 2019 of Baht 330.7 million, compared with the same period of previous year, there were revenue from rendering of

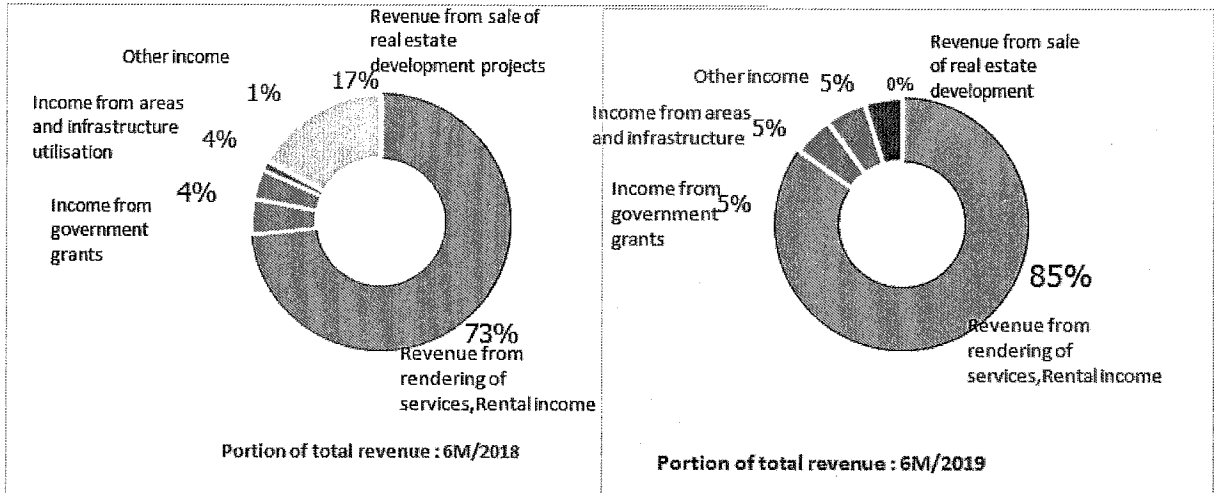
services and rental income amounting to Baht 320.1 million which increased by 3% or Baht 10.5 million which mainly resulted from more customer's utilities usage in overall.

◀◀ There was none of sale of real estate development projects in this period while the same period of the previous year, there was sale of real estate development projects of Baht 75.8 million which decreased for the whole amount.

◀◀ Part of other income, the Company had other income for the six-month ended June 30, 2019, comprised of Income from government grants of Baht 19.8 million, which were no significant change compared with the same period of the previous year.

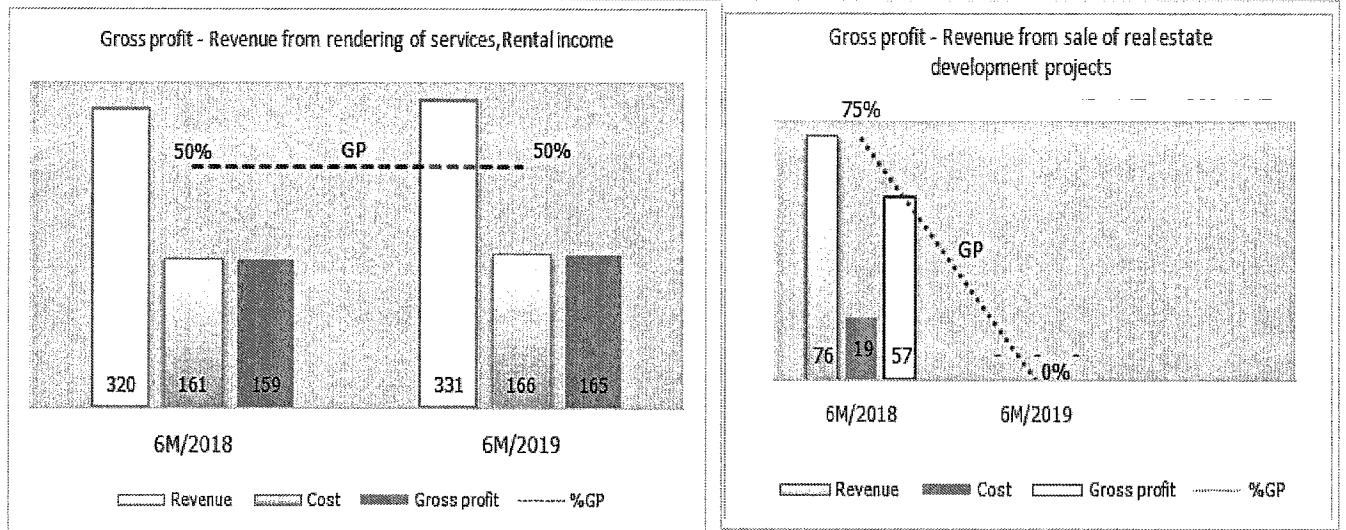
Income from areas and infrastructure utilisation of Baht 20.2 million, increasing by Income from areas and infrastructure utilization – expansion phase of Baht 0.6 million per month (income per contract was of Baht 165 million with period of 23 years since 1 July 2018)

and other income of Baht 19.0 million, mainly increasing due to more interest income, dividend receipt and gain from disposal of assets in this period.



◀ Recurring income comprised of Revenue from rendering of services, Rental income which represented 85% of total revenue of 6M/2019.

**2. Cost of Sale of real estate development projects, Cost of rendering of services and Gross Profit**



◀ During six-month ended June 30, 2019, the Company had cost of rendering of services of Baht 166.0 million together with gross profit of Baht 164.6 million whereas the same period of the previous year, the Company had cost of rendering of services of Baht 160.7 million together with gross profit of Baht 159.4 million. Gross profits margin increased of Baht 5.2 million.

Gross profit margin - rendering of services and rental income 50% , no significant change compared to the same period of the previous year.



◀◀ The Company had none of cost of sale of real estate development projects in this period, compared to the same period of previous year, it shown cost of sale of real estate development projects of Baht 19.3 million with profit margin of Baht 56.5 million or 75%, decreased for 100%, along with relative revenues as mentioned above.

### 3. Selling expenses and administrative

◀◀ Selling expenses and administrative expenses for six-month ended June 30, 2019 was Baht 113.0 million compared with the same period of previous year which was Baht 117.9 Million, decreased by Baht 4.9 million or 4%, effect from the overall managing expenses were continuously proceeded to decrease by management team since year 2015.

### 4. Depreciation expenses

◀◀ For six-month ended June 30, 2019, the Company had depreciation expenses of plant & equipments and Investment Properties of Baht 92.8 million, slightly increased while compared with the same period of previous year which was Baht 92.1 million.

### 5. Finance Costs

◀◀ For six-month ended June 30, 2019, the Company had finance costs of Baht 0.8 million, , slightly increased while compared with the same period of previous year which was Baht 0.5 million, however, the Company had continuously made its financial restructuring since November 2014 to present by reforming loan from financial institution with high interest rate to issuing Bill of Exchange that had lower interest rate, negotiation to meet lower interest rate and fee and repayment for interest bearing debts.

### 6. Share of profit (loss) of investment in a joint venture

◀◀ For six-month ended June 30, 2019, the Company had recorded Share of profit (loss) of investment in a joint venture – NNEG of Baht (7.4) million (calculated by loss-NNEG– COD phase of Baht (24.6) million X 29.99%, according to IFRS 11 : Joint Arrangements) decreased from the same period of previous year due to it had scheduled maintenance.



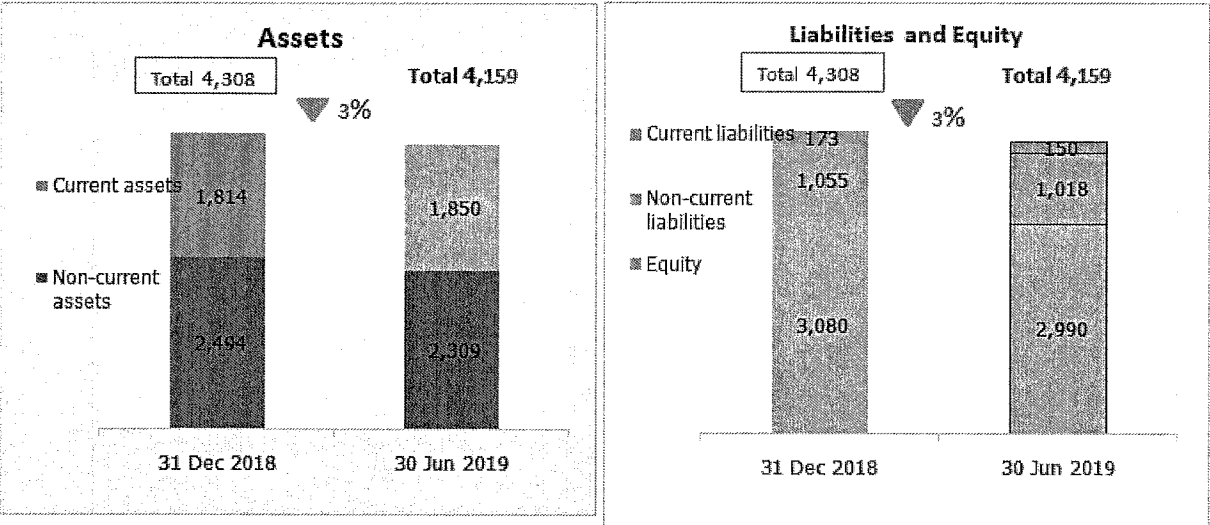
While the same period of previous year, the Company had recorded Share of profit (loss) of investment in a joint venture – NNEG of Baht 63.8 million (calculated by profit-NNEG– COD phase of Baht 212.6 million X 29.99%, according to IFRS 11 : Joint Arrangements).


**7. Income tax expenses**

◀ For six-month ended June 30, 2019, the Company had recorded income tax expenses of Baht 5.0 million, compared with the same period of previous year which was income tax expenses of Baht 13.7 million, decreased of Baht 8.7 million or 64% along with less taxable income in this year.

 **Financial Position**

Unit : Million Baht



 **Total assets**

As at June 30, 2019, the Company had **total consolidated assets** of Baht 4,159.3 million, decrease by Baht 148.3 million, compared with the December 31,2018 of Baht 4,307.6 million, mainly caused by

◀ Current assets comprised of (1) cash and cash equivalents, short term investment of Baht 708.0 million, increased of Baht 35.7 million as a result of from excess of working capital after repayment operating liabilities

and (2) Account Receivables of Baht 56.9 million, increase of Baht 0.8 million.



◀◀ Non-current assets comprised of

(1) investment in a jointly –controlled entity of Baht 470.8 million, decreased of Baht 127.4 million as a result of recording Share of loss of investment in a joint venture, according to IFRS 11 : Joint Arrangements, for the six-month ended June 30, 2019 and also dividend receipt of Baht 120 million in April 2019,

(2) property, plant and equipment and investment properties of Baht 1,747.5 million decreased of Baht (63.4) million as a result of its depreciation during this year.

### Total liabilities

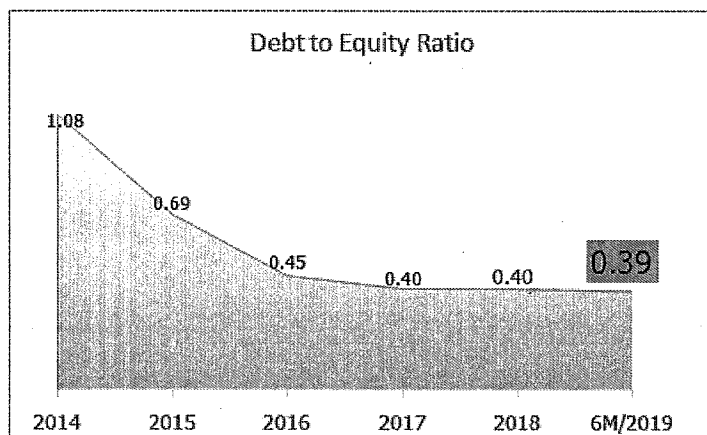
As at June 30, 2019, the Company had total consolidated liabilities of Baht 1,168.8 million, decrease by Baht 58.9 million, compared with the December 31,2018 of Baht 1,227.7 million , mainly caused by

◀◀ Current liabilities comprised of Trade accounts payable, accrued expenses, group of Current portion of deferred income, Current portion of long-term loan from financial institution, decrease by Baht 22.4 million.

◀◀ Non-current liabilities comprised of group of deferred income of Baht 634.2 million, decrease by Baht 28.3 million due amortization of deferred income mentioned above and long-term loan from financial institution.

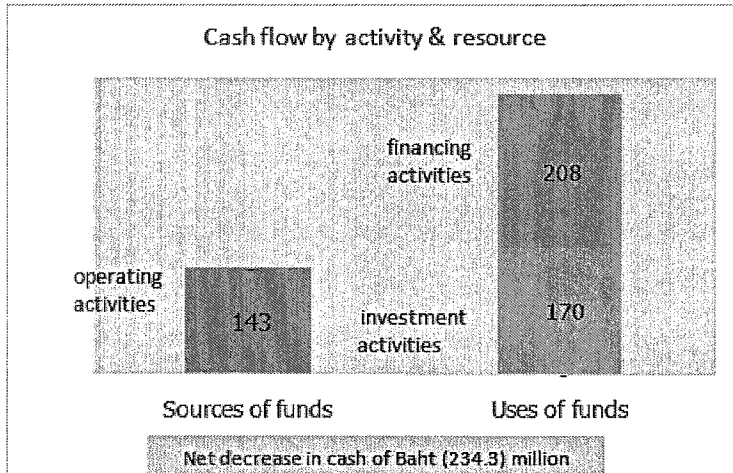
### Capital Structure

As at June 30, 2019, the capital structure comprised of consolidated equity in the amount of Baht 2,990.5 million and total consolidated liabilities of Baht 1,168.8 million, including the interest-bearing debts of Baht 344.4 million .



◀◀ debt to equity ratio as at June 30, 2019 shown continuously downtrend as 0.39 times decreased from December 31,2014 at 1.08 time, it implied that the company's capital structure was at low risk due to borrowing portion less than equity portion.

Unit : Million Baht



## Cash flow

◀◀ As at June 30, 2019, the Group had cash and cash equivalents of Baht 238.0 million, a decrease of Baht (234.3) million from December 31, 2018 due to

◀◀ Sources of funds in the amount of Baht 143 million, primarily came from Net cash received from operating activities offset with cash payments for operating liabilities and reserve for payment along with debt maturity.

◀◀ Uses of funds in the amount of Baht 208 million, primarily came from Net cash used in financing activities , for loan repayment of Baht 18.0 million , dividend payment of Baht 184 million.

and cash used in investing activities, for short term investment of Baht 270 million , dividend receipt of Baht 120 million and purchase of fixed assets of Baht 22.1 million.

In overall, net cash was generated from operating , recurring income in this period as mentioned above to settle interest bearing debts, operating liabilities. The excess cash was sufficient for NNCL dividend payment.

Please be informed accordingly,

Sincerely yours,

( Mrs. Monluedee Sookpantararat )

CFO

Nava Nakorn Public Company Limited