



12 May 2020

Subject Explanation of the change in operating results for the three-month ended March 31, 2020 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 ended March 31, 2020 compared with the same period of previous year as follows:-



Net profit (loss)

⊕ The Company reported the operating results for the three-month ended March 31, 2020 with the net profit of the consolidated financial statements of Baht 91.3 million which operating profit results increased by Baht 35.0 million or operating profit results increased by 62% compared with the same period of previous year which generated the net profit of the consolidated financial statements of Baht 56.3 million, effect from recurring profit was increased and also increasing of share of profit of investment in a joint venture in this period.

There was none of sale of real estate development projects in this period.

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



Financial Position

⊕ As of March 31, 2020, the Company upheld its healthy financial position, with total consolidated assets amounting to Baht 4,278.1 million, of which Baht 874.3 million was cash and cash equivalents, short term investment and fixed deposit at financial institution; while total consolidated liabilities were reported at Bath 1,226.5 million in which interest-bearing debt accounted for Baht 309.7 million ;and total consolidated shareholders' equity ended at Baht 3,051.6 million.

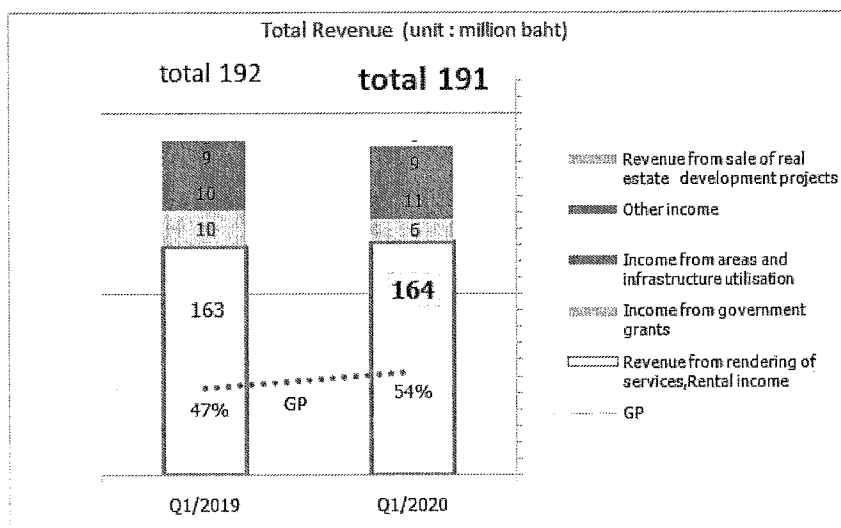
Table of key financial results

(Unit: Million Baht)

	Q1	Q1	%
(Unit: Million Baht)	2020	2019	Inc. (Dec.)
	2020	2019	YoY
Total Revenue	191	192	(1%)
Revenue from rendering of services ,Rental income	164	163	1%
EBITDA	89	84	6%
Profit (loss) for the period	91	56	62%
<input checked="" type="checkbox"/> Profit (loss) from recurring income	49	39	27%
<input checked="" type="checkbox"/> Profit (loss) from share of net profit- joint venture	32	8	314%
<input checked="" type="checkbox"/> Profit (loss) from share of revenue - joint venture	11	10	7%
<input checked="" type="checkbox"/> Profit (loss) from sale of real estate development projects	-	-	0%

; 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 March 31, 2020 of Baht 164.5 million ,compared with the same period of previous year, there were revenue from rendering of

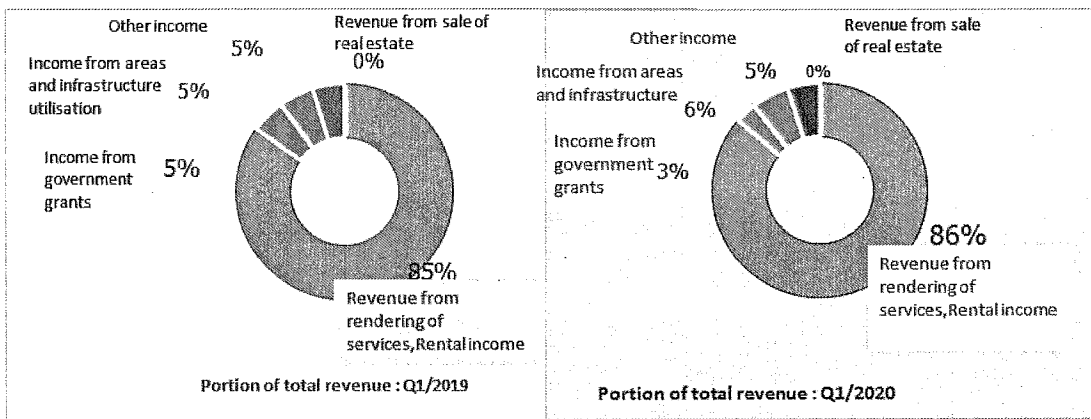
services and rental income amounting to Baht 163.2 million which increased by 1% or Baht 1.3 million due to customer's utilities usage was no significant movement in overall.

◀◀ There was none of sale of real estate development projects in this period as well as the same period of the previous year.

◀◀ Part of other income, the Company had other income for the three-month ended March 31, 2020, comprised of Income from government grants of Baht 6.1 million ,decreased from the same period of the previous year due to Income from government grants were recognized by amortization along with the estimated useful lives of flood protection system. This period, some parts of such flood protection system were end of depreciated period such as aqueduct system, dredging canal system, along with decreasing of government grants recognition.

Income from areas and infrastructure utilisation of Baht 10.7 million, increasing by deferred Income from areas and infrastructure utilisation of Baht 50.0 million– Ratch Cogeneration Co.,Ltd., of Baht 0.2 million per month (income per contract was of Baht 50 million with period of 19 years since 21 October 2019)

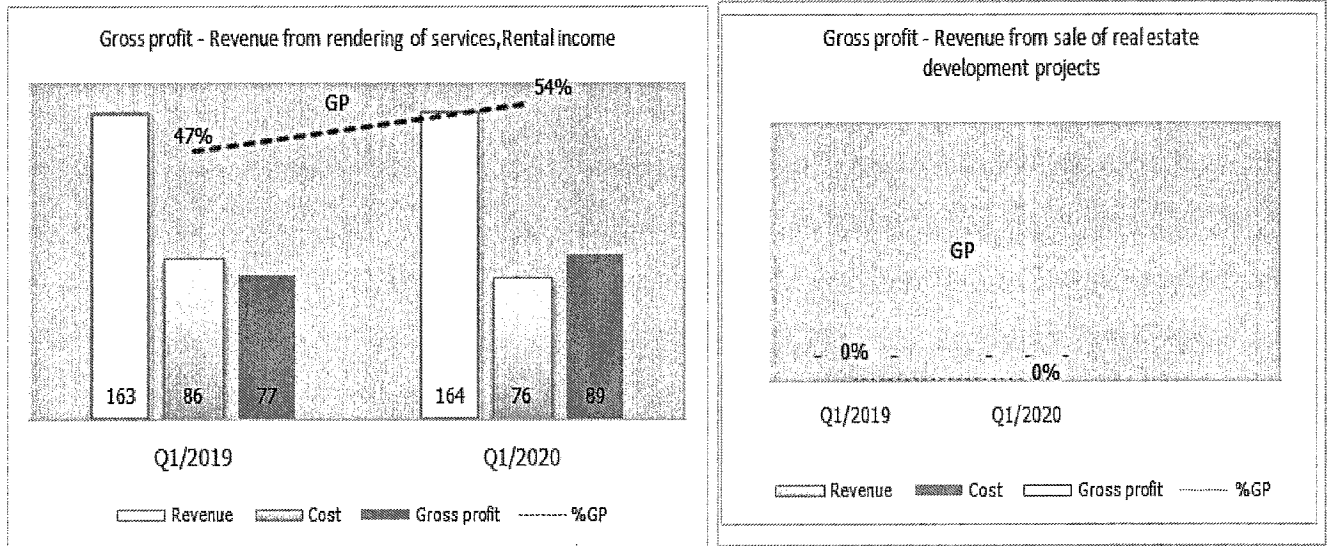
and other income of Baht 9.3 million, no significant movement, were interest income and gain from disposal of assets in this period.



◀◀ Recurring income comprised of Revenue from rendering of services, Rental income which represented 86% of total revenue of Q1/2020.



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



◀◀ During three-month ended March 31, 2020, the Company had cost of rendering of services of Baht 76.0 million together with gross profit of Baht 88.5 million whereas the same period of the previous year, the Company had cost of rendering of services of Baht 86.0 million together with gross profit of Baht 77.2 million. Gross profits margin increased of Baht 11.3 million.

Gross profit margin - rendering of services and rental income increased from 47% in Q1/2019 to 54% in Q1/2020, compared to the same period of the previous year, because of managing expenses were continuously proceeded to decrease by management team as mentioned above.

◀◀ The Company had none of cost of sale of real estate development projects in this period and the same period of previous year, along with relative revenues as mentioned above.

3. Selling expenses and administrative

◀◀ Selling expenses and administrative expenses for three-month ended March 31, 2020 was Baht 52.4 million compared with the same period of previous year which was Baht 54.0 Million, decreased by Baht 1.7 million or 3%, effect from the overall managing expenses were continuously proceeded to decrease by management team since year 2015.

4. Depreciation expenses

◀◀ For three-month ended March 31, 2020, the Company had depreciation expenses of plant & equipments and Investment Properties of Baht 37.8 million, decreased while compared with the same period of previous year which was Baht 46.1 million due to effects from reduction in fully depreciation of assets.

5. Finance Costs

◀◀ For three-month ended March 31, 2020, the Company had finance costs of Baht 0.4 million, , slightly increased while compared with the same period of previous year which was Baht 0.35 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 March 31, 2020, the Company had recorded Share of profit (loss) of investment in a joint venture – NNEG of Baht 31.5 million (calculated by profit-NNEG– COD phase of Baht 105.0 million X 29.99%, according to IFRS 11 : Joint Arrangements) increased from the same period of previous year due to no Minor Overhaul expense occurred in this period.

While the same period of previous year, the Company had recorded Share of profit (loss) of investment in a joint venture – NNEG of Baht 7.6 million (calculated by profit-NNEG– COD phase of Baht 25.4 million X 29.99%, according to IFRS 11 : Joint Arrangements) decreased from the same period of previous year due to Minor Overhaul expense occurred during March-April 2019.

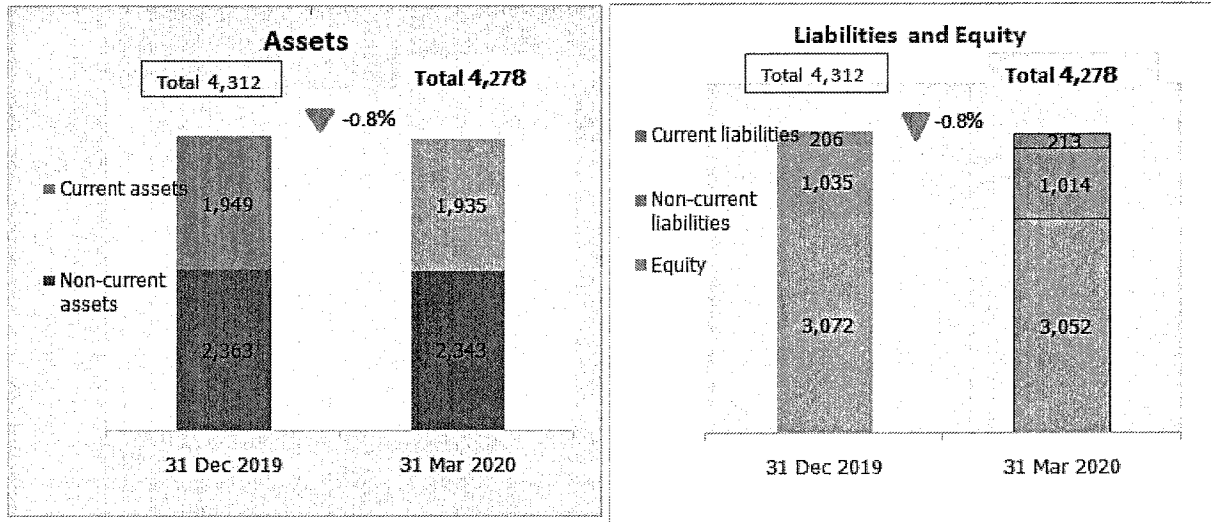
7. Income tax expenses

◀◀ For three-month ended March 31, 2020, the Company had recorded income tax expenses of Baht 2.2 million, , compared with the same period of previous year which was income tax expenses of Baht 3.2 million, decreased of Baht 1.0 million or 32% along with less taxable income in this year.



Financial Position

Unit : Million Baht



Total assets

As at March 31, 2020, the Company had total consolidated assets of Baht 4,278.1 million, decrease by Baht 34.4 million, compared with the December 31, 2019 of Baht 4,312.5 million, mainly caused by

◀◀ Current assets comprised of (1) cash and cash equivalents, short term investment of Baht 786.3 million, decreased of Baht 15.7 million as a result of from share repurchase project. and (2) Account Receivables of Baht 57.0 million, increase of Baht 2.5 million.

◀◀ Non-current assets comprised of

(1) investment in a jointly –controlled entity of Baht 514.0 million, decreased of Baht 7.0 million as a result of recording Share of profit of investment in a joint venture, according to IFRS 11 : Joint Arrangements, for the three-month ended March 31, 2020 and effect from applying IFRS no 9 : Financial Instrument.


(2) property, plant and equipment and investment properties of Baht 1,710.8 million decreased of Baht (15.1) million as a result of its depreciation during this year.

 **Total liabilities**

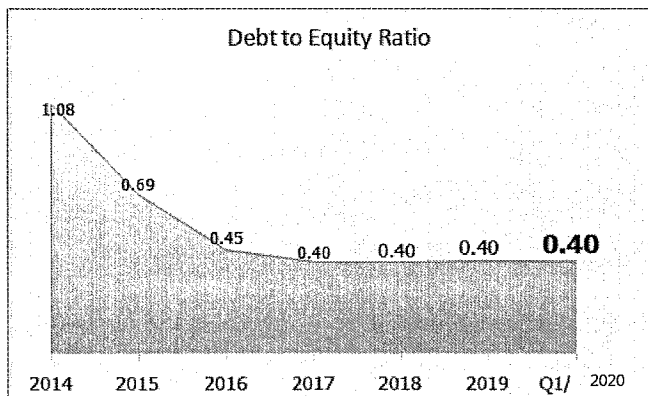
As at March 31, 2020, the Company had total consolidated liabilities of Baht 1,226.5 million, decrease by Baht 14.2 million, compared with the December 31,2019 of Baht 1,240.7 million , mainly caused by

◀◀ 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 13.4 million.

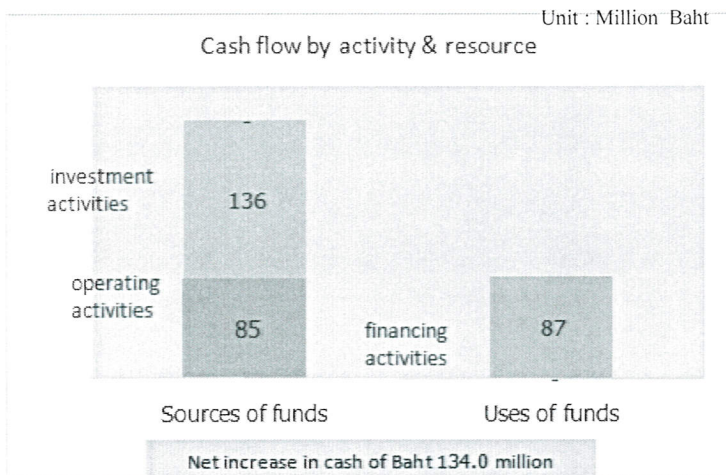
◀◀ Non-current liabilities comprised of group of deferred income of Baht 662.8 million, decrease by Baht 11.1 million due amortization of deferred income mentioned above and long-term loan from financial institution.

 **Capital Structure**

As at March 31, 2020, the capital structure comprised of consolidated equity in the amount of Baht 3,051.6 million and total consolidated liabilities of Baht 1,226.5 million, including the interest-bearing debts of Baht 309.7 million .



◀◀ debt to equity ratio as at March 31, 2020 shown continuously downtrend as 0.40 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.



Cash flow

◀◀ As at March 31, 2020, the Group had cash and cash equivalents of Baht 479.8 million, an increase of Baht 134.0 million from December 31, 2019 due to

◀◀ Sources of funds in the amount of Baht 85.2 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.

and cash received from investing activities, changing investment form from long term (>3 months) to short term investment (<3 months) and purchase of fixed assets of Baht 19.4 million.

◀◀ Uses of funds in the amount of Baht 86.8 million, primarily came from Net cash used in financing activities , for loan repayment of Baht 12.0 million and share repurchase of Baht 73.0 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