



Date 13 May 2020

Re: Management Discussion & Analysis for the 3-months period Ended 31 March 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 3-months period ended 31 March 2020 as follows:

Financial Performance

	For the 3 months period ended					
	31 March 2020		31 March 2019		Change	
	Millions of THB	%	Millions of THB	%	Millions of THB	%
Revenue from sale of real estate	233.51	84.93%	346.20	87.55%	(112.69)	(32.55%)
Revenue from construction service	29.23	10.63%	32.07	8.11%	(2.84)	(8.86%)
Other Revenue	12.20	4.44%	17.14	4.33%	(4.94)	(28.82%)
Total Revenue	274.94	100.00%	395.42	100.00%	(120.48)	(30.47%)
Cost of sales	(131.85)	(47.96%)	(195.11)	(49.34%)	(63.26)	(32.42%)
Cost of construction service	(31.55)	(11.48%)	(28.76)	(7.27%)	2.79	9.70%
Total Cost	(163.40)	(59.43%)	(223.87)	(56.62%)	(60.47)	27.01%
Gross Profit	111.54	40.57%	171.55	43.39%	60.01	34.98%
Selling Expense	(54.32)	(19.76%)	(54.80)	(13.86%)	(0.48)	(0.88%)
Administrative Expense	(44.42)	(16.16%)	(48.54)	(12.28%)	(4.12)	(8.49%)
Other Expenses	(5.80)	(2.11%)	(12.77)	(3.23%)	(6.97)	(54.58%)
EBIT	6.99	2.54%	55.44	14.02%	(48.45)	(87.39%)
Financing cost	(3.01)	(1.09%)	(18.46)	(4.67%)	(15.45)	(83.69%)
EBT	3.98	1.45%	36.98	9.35%	(33.00)	(89.24%)
Corporate Income Tax	(5.70)	(2.07%)	(14.09)	(3.56%)	(8.39)	(59.55%)
Net Profit	(1.72)	(0.63%)	22.90	5.79%	(24.62)	(107.51%)



Revenue from Sale of real estate

Revenue from sale of real estate for the 3-months period ended 31 March 2020 and 2019 were THB 233.51 and 346.20 million respectively. Revenue from sale of real estate declined by THB 112.69 million or 32.55%. 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 3-months period ended 31 March 2020 and 2019 were THB 131.85 and 195.11 million respectively. Cost of real estate sold accounted for 56.46% and 56.36% respectively when compared to revenue from real estate.

However, gross margins for the 3-months period ended 31 March 2020 and 2019 were 43.54% and 43.64% respectively.

SG&A

The Company selling expense for the 3-months period ended 31 March 2020 and 2019 were THB 54.32 and 54.80 million respectively. Selling expense has decreased by THB 0.48 million or 0.88%.

The Company administrative expense for the 3-months period ended 31 March 2020 and 2019 were THB 44.42 and 48.54 million respectively. Administrative expense decreased by THB 4.12 million or 8.49%. 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 3-months period ended 31 March 2020 and 2019 were THB 3.01 and 18.46 million respectively, a significance decreased of THB 15.45 million or 83.69%. This is because the Company repaid majority of short-term loan. As a result, the financing cost was reduced. As 31 March 2020, the Company debt to equity ratio (D/E) equal to 1.08 times.

**Net Profit**

The Company net profit for the 3-months period ended 31 March 2020 and 2019 were THB (1.72) and 22.90 million respectively, a decrease of THB 24.62 million or 107.51%. 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 (0.63%) and 5.79%, respectively.

Conclusion

As 31 March 2020, the Company backlog was THB 1,348.16 million and the company's inventory was THB 6,190.98 million including 2 projects under construction which are currently on sell and expected to complete in 2020.

Please be informed accordingly.

Yours truly,

-Dr. Noppadol Mingchinda-

Dr. Noppadol Mingchinda
Chief Financial Officer