

GUNKUL 63/069

13 May 2020

Subject Clarification on changes in operation results in exceed of 20 percent compared with the same period last period

To Managing Directors and Directors  
The Stock Exchange of Thailand

Refer to The Regulation of the Stock Exchange of Thailand in regards with the preparation and submission of the Financial Statements and reports on financial condition and results of operations of the Company Act 2001

According to the regulation of the Stock Exchange of Thailand as above mentioned, Gunkul Engineering Public Company Limited (here in after called "GUNKUL" or "the Company"), would like to clarify the operating results and financial status of the Company and its subsidiaries according to the financial statements for the three-month period ended 31st March 2020 as follows:

**Operating results for the period ended 31st March 2020 and 2019**

The Company's overall operating result for the period ended 31st March 2020 has its own profit according to the profit (loss) attributable to the parent Company at **439.10 million baht**, compared to the same period of previous year at 224.89 million baht, an increase of 95.25%. The details of the net profit generated for the period ended 31st March 2020, which has changed from the previous year are showed as follows:

Unit: Million Baht

(Million Baht)	Consolidated Financial Statements		Change	
	2020	2019		
Revenue from sale	380.04	331.16	48.88	14.76%
Revenue from sale of electricity and adder in the purchase price of electricity	936.17	850.35	85.82	10.09%
Revenue from construction and services	260.63	263.49	(2.86)	(1.09%)
Bargain Purchase	106.88	-	106.88	100.00%
Gain on change in fair value of Derivatives	73.53	-	73.53	100.00%
Other Income	16.31	15.60	0.71	4.55%
<b>Total revenue</b>	<b>1,773.56</b>	<b>1,460.60</b>	<b>312.96</b>	<b>21.43%</b>
Cost of sales, construction and services	940.27	823.62	116.65	14.16%
Selling and administrative expenses	211.81	189.66	22.15	11.68%
Net foreign exchange loss	80.43	3.30	77.13	2,337.27%
<b>Total expenses</b>	<b>1,232.51</b>	<b>1,016.58</b>	<b>215.93</b>	<b>21.24%</b>

(Million Baht)	Consolidated Financial Statements		Change	
	2020	2019		
Share of profits from investments in associates and joint ventures	75.82	68.34	7.48	10.95%
Finance costs	155.81	275.02	(119.21)	(43.35%)
Profit attributable to the parent Company	<b>439.10</b>	<b>224.89</b>	214.21	95.25%
The portion of non-controlling interests	0.60	7.06	(6.46)	(91.50%)
<b>Net profit</b>	<b>439.70</b>	<b>231.95</b>	207.75	89.57%

## Revenue

1. Revenue from sales for the period ended 31st March 2020 in the consolidated financial statements presented at 380.04 million baht, compared to the same period of the previous year at 331.16 million baht, has increased 48.88 million baht, or 14.76%, growing from the increasing expansion of various construction works of the government sector.

2. Revenue from sale of electricity and adder in the purchase price of electricity for the period ended 31st March 2020 in the consolidated financial statements presented at 936.17 million baht, compared to the same period of the previous year at 850.35 million baht, has increased 85.82 million baht, or 10.09%, primarily driven by the revenue from commercial electricity sales in other countries totally to 93.5 megawatts (from Kimitsu solar power plant in Japan, with its capacity of 33.5 megawatts which have started commercial electricity distribution in the second quarter of 2020, and from Triviet 1 and Bach Khoa A Chau 1 solar power plant in Vietnam, with its capacity of 60 megawatts in total), since February 2020 onwards.

3. Revenue from construction and services for the period ended 31st March 2020 in the consolidated financial statements presented at 260.63 million baht, compared to the same period of the previous year at 263.49 million baht, has decrease 2.86%, Currently, the Company has participated in the bidding for the construction work via subsidiaries (Future Electrical Control Company Limited), and has a backlog of approximately 7,000 million baht which is gradually recognized as revenue from the fourth quarter of 2020 to 2021 and expecting revenue to grow clearly from 2020 onwards.

4. Bargain purchase for the period ended 31st March 2020 in the consolidated financial statements presented at 106.88 million baht, compared to the same period of the previous year has increased 100%, due to the investment in Vietnam for the Triviet 1 and Bach Khoa A Chau 1 solar power plant in Vietnam, with its capacity of 60 megawatts in total on 5<sup>th</sup> February 2020, which has been indicated that the Company has been received the benefit from the commercial electricity by its electricity revenue since the acquisition date (5<sup>th</sup> February 2020)

5. Gain on change in fair value of Derivatives for the period ended 31st March 2020 in the consolidated financial statements presented at 73.53 million baht, compared to the same period of the previous year has increased 100%, due to the recognition of fair value measurement according to TFRS 9 Financial Instrument, which is first adopt on 1<sup>st</sup> January 2020 onwards.

## Expense

1. Selling and administrative expenses for the period ended 31st March 2020 in the consolidated financial statements is presented at 211.81 million baht, compared to the same period of the previous year at 189.66 million baht, an increase of 22.15 million baht or 11.68%. The Company

has increased in the compensation and benefit from new hired for a preparation of the construction works in subsidiaries (Future Electrical Control Company Limited), which has a backlog of approximately 7,000 million baht as aforementioned.

2. Net foreign exchange loss, for the period ended 31st March 2020 in the consolidated financial statements is presented at 80.43 million baht, compared to the same period of the previous year at 3.3 million baht, an increase of 77.13 million, represented an increase of 2,337.27%, which is unrealized loss due to;

- 1) Subscription in US Dollars for payment of maintenance fees for wind power plant project
- 2) Loan between foreign subsidiaries, between Yen and US Dollars

3. Finance costs for the period ended 31st March 2020, in the consolidated financial statements is presented at 155.81 million baht, compared to the same period of the previous year at 275.02 million baht, an decrease of 119.21 million baht, or 43.35%, because in 2020 the Company has gradually repayment of loan from project finance during the period, and is due to the reduction of floating interest rate according to the announcement of Bank of Thailand. As a result, the interest rate calculated as the basis of interest expense calculation (THBFIX) has dropped significantly in the current quarter, which is good for the business, and the management also anticipates that the Interest Rate Swap (IRS) will continue to be made to determine a fixed interest rate.

**Financial position as at 31st March 2020 and 31<sup>st</sup> December 2019**

(Million Baht)	Consolidated Financial Statements	
	31 March 2020	31 December 2019
Current assets	6,526.84	7,285.16
Non-current assets	34,616.43	31,756.38
<b>Total assets</b>	<b>41,143.27</b>	<b>39,041.54</b>
Total current liabilities	9,799.55	8,205.06
Non - current liabilities	20,460.27	19,503.57
<b>Total liabilities</b>	<b>30,259.81</b>	<b>27,708.63</b>
Shareholders' equity	10,883.46	11,332.91

The Company's current assets as at 31st March 2020 is presented at the amount of 6,526.84 million baht, decrease from the last year, presented at the amount of 7,285.16 million baht, primarily driven by a decrease in short-term deposits at financial institutions pledged as collateral, due to the finishing investment in Vietnam for the Triviet 1 and Bach Khoa A Chau 1 solar power plant in Vietnam, with its capacity of 60 megawatts in total on 4<sup>th</sup> February 2020.

In terms of the current liabilities as at 31st March 2020, it presents at the amount of 9,799.55 million baht, increase from the last year, presented at the amount of 8,205.06 million baht, due to

- (1) The increase in EPC trade payable from the investment in two projects in Vietnam, amounting to 1,382 million baht (approximately, USD 42 million), which will be settled the total amount in May 2020, by project finance from financial institution. With the project finance draw down, it will decrease the current liabilities in the second quarter onwards.

- (2) The Company will have a repayment of debentures due within this year of 2020, amounting to 1,000 million baht, which the financing fund is from the new set of debentures sold in May 2020 in total amount of 1,348.70 million baht.
- (3) The company anticipates to reduce the EPC trade payable in Japan within the third quarter of 2020, at approximately 2,366 million baht from taking a loan project from a financial institution in the form of a loan to support the project further, and anticipated that current liabilities will be a huge reduction from the third quarter onwards. The current ratio as at 31st March 2020 is 0.67 times, decrease from the previous year ratio at 0.89 times, which the Company expects that the liquidity ratio will start to increase from the second quarter onwards due to the anticipation of the decrease in current liabilities.

The Company's goal is to grow in renewable energy business, electrical equipment manufacturing and distribution businesses and comprehensive construction service businesses. The Company has maintained its growth target in 2020, not less than 20%, which is a continuous growth for more than 9 years of the Company (since listed in the Stock Exchange of Thailand)

The Company has shareholders' equity in the parent company as at 31st March 2020 and 31st December 2019 are 10,792.96 million baht and 10,712.21 million baht, respectively, which have been already included the profit (loss) for the period.

Please be informed accordingly.  
Sincerely yours,

(Ms. Sopacha Dhumrongpiyawut)  
Chief Executive Officer

Miss Chantra Jongjamareeseethong / Miss Tanawan Patana-anek

Office of Managing Director

Tel.: 02 242-5867 / 02 242-5868

Email: [chantra@gunkul.com](mailto:chantra@gunkul.com) / [tanawan.pat@gunkul.com](mailto:tanawan.pat@gunkul.com)