

Ref: CK-20-0000-AFD(AC)-L-0026

May 15, 2020

Subject: Clarification on Operating Result and Financial Position for the three-month period ended March 31, 2020

Attention: President

The Stock Exchange of Thailand

CH. Karnchang Public Company Limited (“the Company”) and its subsidiaries would like to clarify the consolidated operating result and financial position for the three-month period ended March 31, 2020 as follows:

Performance Overview

For the first three months of 2020, the Company and its subsidiaries had net loss attributable to equity holders of the Company amounting to Baht 112.33 million, a decline of Baht 467.80 million as compared to net profit of Baht 355.47 in the same period of the previous year. This was mainly due to decreased revenues from construction contracts and reduced share of profit from investments in associated companies.

Revenues from construction contracts and sales of construction materials

For the first three months of 2020, the Company and its subsidiaries reported revenues from construction contracts and sales of construction materials of Baht 5,356.69 million, representing 95.65% of total revenues, a decrease of 28.34% or Baht 2,118.65 million from last year. The revenue dropped because Jira-Khon Kaen Double-Track Railway Project was completed early in 2019 and several projects are almost completed such as the Project Management, Supply and Installation of the M&E Systems for the MRT Blue Line Extension Project. In addition, newly-awarded projects like the Construction of Rama 3-Dao Khanong-Western Outer Ring Road Expressway Project: Contract 4 just recently started.

Cost of construction services and sales of construction materials

For the first three months of 2020, the Company and its subsidiaries registered cost of construction services and sales of construction materials amounting to Baht 4,878.19 million, a decrease by Baht 1,956.97 million or 28.63% from the same

period of the prior year. Gross profit for the first nine months of 2020 was Baht 478.50 million, dropped by Baht 161.69 million or 25.26% from the same period of last year due to decreased revenues from construction contracts, while gross profit margin was 8.93%, compared to 8.56% in the first three months of 2019.

Other income

For the first three months of 2020, the Company and its subsidiaries had other income of Baht 243.81 million, decreased by Baht 61.70 million or 20.19% from the same period of last year as a result of decreased interest income from Xayaburi Power Company Limited due to partial loan repayment and dropped interest rate after the project's commercial operation commencement.

Administrative Expenses

For the first three months of 2020, the Company and its subsidiaries had administrative expenses of Baht 551.48 million, increased by Baht 27.08 million or 5.16%.

Share of profit from investments in associated companies

For the first three months of 2020, the Company and its subsidiaries reported share of profit from investments in associated companies of Baht 15.44 million down by Baht 242.37 million, or 94.01%, from the same period of last year. The decline mainly came from dropped financial performance of CK Power Public company due to less water inflow into their hydropower projects and weakened financial result of Bangkok Expressway and Metro Public Company Limited as a result of coronavirus pandemic causing less transportation.

Financing

For the first three months of 2020, finance cost amounted to Baht 306.43 million, up by Baht 19.93 million or 6.96% from the same period of last year as a result of more bank loans. Net interest-bearing debt registered Baht 29,199.15 Million at the end of Q1 2020, an increase of Baht 1,370.12 Million from the end of 2019. Net-Debt-to-Equity ratio according to the Company's consolidated financial statement as of March 31, 2020 was 1.12 times, up from the end of prior year which was 1.00 times. Still, the ratio did not exceed 3.00 times, which is the covenant for bank loans and debentures.

Financial Position

As of March 31, 2020, the Company and its subsidiaries had total assets of Baht 82,124.52 million. A decline of Baht 461.07 million from the end of prior year was mainly due to decreased investment in associated companies. Total liabilities amounted

to Baht 56,018.29 million, increasing by Baht 1,245.22 million from the end of prior year due to increased bank loans. Total shareholders' equity amounted to Baht 26,106.23 million, a decrease of Baht 1,706.29 million from the end of prior year.

Cash Flow

For the first three months of 2020, the Company and its subsidiaries had net cash used in operating activities of Baht 644.34 million due to the Company and its subsidiaries' financial results. Net cash from investing activities was Baht 93.41 million. Net cash from financing activities was Baht 1,253.02 million mainly from increased bank loans. As a result, net cash increased by Baht 789.42 million from the beginning balance.

Income Statement	For the three-month ended March 31		Change	
	2020	2019	Amount	%
Unit: Million Baht				
Revenues from construction contracts and sales of construction materials	5,356.69	7,475.34	(2,118.65)	(28.34)
Other income	243.81	305.51	(61.70)	(20.19)
Total revenues	5,600.50	7,780.85	(2,180.35)	(28.02)
Cost of construction services and sales of construction materials	4,878.19	6,835.16	(1,956.97)	(28.63)
Administrative expenses	551.48	524.40	27.08	5.16
Total expenses	5,429.67	7,359.56	(1,929.89)	(26.22)
Profit before share of profit from investments in associated companies, finance cost and income tax expenses	170.83	421.29	(250.46)	(59.45)
Share of profit from investments in associated companies	15.44	257.81	(242.37)	(94.01)
Finance cost	306.43	286.50	19.93	6.96
Income tax expenses	(15.96)	41.09	(57.05)	(138.83)
Profit (loss) for the period	(104.20)	351.51	(455.71)	(129.64)
Profit (loss) attributable to non-controlling interests of the subsidiaries	8.13	(3.96)	12.09	(305.45)
Profit (loss) attributable to equity holders of the Company	(112.33)	355.47	(467.80)	(131.60)

Statement of Financial Position	March 31, 2020	December 31, 2019	Change	
			Amount	%
Unit: Million Baht				
Assets	82,124.52	82,585.59	(461.07)	(0.56)
Liabilities	56,018.29	54,773.07	1,245.22	2.27
Shareholders' equity	26,106.23	27,812.52	(1,706.29)	(6.13)

Please be informed accordingly

Sincerely yours

(Mr. Prasert Marittanaporn) (Mr. Anukool Tuntimas)

Directors