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August 14, 2020

Subject: Clarification on Operating Result and Financial Position for the six-month period ended June 30, 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 six-month period ended June 30, 2020 as follows:

Performance Overview

For the first six months of 2020, the Company and its subsidiaries had net loss attributable to equity holders of the Company amounting to Baht 49.83 million, a decline of Baht 1,366.26 million as compared to net profit of Baht 1,316.43 in the same period of the previous year. This was mainly due to reduced share of profit from investments in associated companies and decreased revenues from construction contracts.

Revenues from construction contracts and sales of construction materials

For the first six months of 2020, the Company and its subsidiaries reported revenues from construction contracts and sales of construction materials of Baht 9,342.55 million, representing 92.82% of total revenues, a decrease of 27.97% or Baht 3,627.43 million from last year. The revenue dropped because Jira-Khon Kaen Double-Track Railway Project and Xayaburi Hydropower Project were complete in 2019 and several projects are wrapping up, namely 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 six months of 2020, the Company and its subsidiaries registered cost of construction services and sales of construction materials amounting to Baht 8,504.64 million, a decrease by Baht 3,381.85 million or 28.45% from the same

period of the prior year. Gross profit for the first six months of 2020 was Baht 837.91 million, dropped by Baht 245.58 million or 22.67% from the same period of last year due to decreased revenues from construction contracts, while gross profit margin was 8.97%, compared to 8.35% in the first six months of 2019.

Other income

For the first six months of 2020, the Company and its subsidiaries had other income of Baht 723.18 million, decreased by Baht 189.80 million or 20.79% from the same period of last year as a result of drop in gain from sales of investment and 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 six months of 2020, the Company and its subsidiaries had administrative expenses of Baht 1,042.03 million, reduced by Baht 222.83 million or 17.62% mainly due to employee-related expenses.

Share of profit from investments in associated companies

For the first six months of 2020, the Company and its subsidiaries reported share of profit from investments in associated companies of Baht 60.70 million down by Baht 1,168.10 million, or 95.06%, from the same period of last year. The decline mainly came from the fact that in 2019 Bangkok Expressway and Metro Public Company Limited realized gain from revaluation of its investment in TTW Public Company Limited which was reclassified from investment in an associated company to investment in available-for-sale securities. In addition, the corona virus pandemic which led to less transportation under the lockdown measure, weakened the financial performance of Bangkok Expressway and Metro Public Company Limited in the first half of 2020. Furthermore, CK Power Public company registered loss due to less water inflow into their hydropower projects,.

Financing

For the first six months of 2020, finance cost amounted to Baht 608.67 million, up by Baht 21.74 million or 3.70% from the same period of last year as a result of more bank loans. Net interest-bearing debt registered Baht 31,620.24 Million at the end of Q2 2020, an increase of Baht 3,791.21 Million from the end of 2019. Net-Debt-to-Equity ratio according to the Company's consolidated financial statement as of June 30, 2020 was 1.20 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 June 30, 2020, the Company and its subsidiaries had total assets of Baht 81,302.80 million. A decline of Baht 1,282.79 million from the end of prior year was mainly due to decreased cash and current investments in addition to dropped investment in associated companies and other non-current financial assets. Total liabilities amounted to Baht 54,891.29 million, increasing by Baht 118.22 million from the end of prior year due to increased bank loans and lease liabilities. Total shareholders' equity amounted to Baht 26,411.51 million, a decrease of Baht 1,401.01 million from the end of prior year as a result of dividend payment, treasury stock and a drop in other components of shareholders' equity mainly due to changes in value of investments .

Cash Flow

For the first six months of 2020, the Company and its subsidiaries had net cash used in operating activities of Baht 3,067.90 million due to the Company and its subsidiaries' financial results. Net cash from investing activities was Baht 720.19 million. Net cash from financing activities was Baht 1,082.82 million mainly from increased bank loans. As a result, net cash increased by Baht 1,144.19 million from the beginning balance.

Income Statement	For the six-month ended		Change	
	June 30			
Unit: Million Baht	2020	2019	Amount	%
Revenues from construction contracts and sales of construction materials	9,342.55	12,969.98	(3,627.43)	(27.97)
Other income	723.18	912.98	(189.80)	(20.79)
Total revenues	10,065.73	13,882.96	(3,817.23)	(27.50)
Cost of construction services and sales of construction materials	8,504.64	11,886.49	(3,381.85)	(28.45)
Administrative expenses	1,042.03	1,264.86	(222.83)	(17.62)
Total expenses	9,546.67	13,151.35	(3,604.68)	(27.41)
Profit before share of profit from investments in associated companies, finance cost and income tax expenses	519.06	731.61	(212.55)	(29.05)
Share of profit from investments in associated companies	60.70	1,228.80	(1,168.10)	(95.06)
Finance cost	608.67	586.93	21.74	3.70
Income tax expenses	4.05	51.09	(47.04)	(92.08)
Profit (loss) for the period	(32.96)	1,322.39	(1,355.35)	(102.49)
Profit (loss) attributable to non-controlling interests of the subsidiaries	16.87	5.96	10.91	183.12
Profit (loss) attributable to equity holders of the Company	(49.83)	1,316.43	(1,366.26)	(103.79)

Statement of Financial Position	June 30, 2020	December 31, 2019	Change	
			Amount	%
Unit: Million Baht				
Assets	81,302.80	82,585.59	(1,282.79)	(1.55)
Liabilities	54,891.29	54,773.07	118.22	0.22
Shareholders' equity	26,411.51	27,812.52	(1,401.01)	(5.04)

Please be informed accordingly

Sincerely yours

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

Directors