

Ref: CK-19-0000-AFD(AC)-L-0030

August 14, 2019

Subject: Clarification on Operating Result and Financial Position for the six-month ended June 30, 2019

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 ended June 30, 2019 as follows:

Performance Overview

For the first half of 2019, the Company and its subsidiaries had profit attributable to equity holders of the Company amounting to Baht 1,316.43 million, up from the same period of the previous year by Baht 473.27 million mainly due to increased share of profit from associated companies as 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. As for the construction business, gross profit margin improved from 7.88% to 8.35%.

Revenues from construction services and sales of construction materials

For the first half of 2019, the Company and its subsidiaries reported revenues from construction services and sales of construction materials of Baht 12,969.98 million, representing 93.42% of total revenues, a decrease of 13.30% or Baht 1,989.26 million from last year. The revenue dropped because Jira-Khon Kaen Double-Track Railway Project has been completed and Xayaburi Hydroelectric Power Project is now close to project completion.

Cost of construction services and sales of construction materials

For the first half of 2019, the Company and its subsidiaries registered cost of construction services and sales of construction materials amounting to Baht 11,886.49 million, a decrease by Baht 1,893.35 million or 13.74% from the same period of the

prior year. Gross profit for the first half of 2019 was Baht 1,083.49 million, dropped by Baht 95.91 million or 8.13% from the same period of last year, while gross profit margin was 8.35%, compared to 7.88% in the first half of 2018.

Other income

For the first half of 2019, the Company and its subsidiaries had other income of Baht 912.97 million, increased by Baht 130.37 million or 16.66% from the same period of last year as a result of increased interest income from Xayabury Power Company Limited.

Administrative Expenses

For the first half of 2019, the Company and its subsidiaries had administrative expenses of Baht 1,264.85 million, increased by Baht 374.63 million or 42.08% from last year mainly due to employee-related expenses, depreciation and development cost writeoff.

Share of profit from investments in associated companies

For the first half of 2019, the Company and its subsidiaries reported share of profit from investments in associated companies of Baht 1,228.80 million up by Baht 753.29 million, or 158.42%, from the same period of last year as 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.

Financial Position

As of June 30, 2019, the Company and its subsidiaries had total assets of Baht 93,797.31 million. An increase of Baht 10,296.77 million from the end of prior year was mainly due to increases in cash and current investment, investment in associated companies, other long-term investments and investments in fixed assets. Total liabilities amounted to Baht 65,057.72 million, increasing by Baht 7,385.90 million from the end of prior year due to increased debentures. Total shareholders' equity amounted to Baht 28,739.59 million, an increase of Baht 2,910.87 million from the end of prior year.

Cash Flow

For the first half of 2019, the Company and its subsidiaries had net cash from operating activities of Baht 2,372.41 million due to the Company and its subsidiaries' financial results. Net cash used in investing activities was Baht 7,535.68 million, most of which came from additional investments in current investments, investments in associated companies and fixed

assets. Net cash from financing activities was Baht 7,067.78 million mainly from increased short-term debt. As a result, net cash increased by Baht 1,837.96 million from the beginning balance.

Financing

For the first half of 2019, finance cost amounted to Baht 586.93 million, fell by Baht 52.90 million or 8.27% from the same period of last year as a result of decreased average cost of debt. Net debt registered Baht 30,837.83 Million at the end of Q2 2019, an increase of Baht 3,076.25 Million from the end of 2018. Net-Debt-to-Equity ratio according to the Company's consolidated financial statement as of June 30, 2019 was 1.07 times, unchanged from the end of prior year. Still, the ratio did not exceed 3.00 times, which is the covenant for bank loans and debentures.

Income Statement	For the six-month ended		Change	
	June 30			
Unit: Million Baht	2019	2018	Amount	%
Revenues from construction services and sales of construction materials	12,969.98	14,959.24	(1,989.26)	(13.30)
Other income	912.97	782.60	130.37	16.66
Total revenues	13,882.95	15,741.84	(1,858.89)	(11.81)
Cost of construction services and sales of construction materials	11,886.49	13,779.84	(1,893.35)	(13.74)
Administrative expenses	1,264.85	890.22	374.63	42.08
Total expenses	13,151.34	14,670.06	(1,518.72)	(10.35)
Profit before share of profit (loss) from investments in associated companies, finance cost and income tax expenses	731.61	1,071.78	(340.17)	(31.74)
Share of profit (loss) from investments in associated companies	1,228.80	475.51	753.29	158.42
Finance cost	(586.93)	(639.83)	(52.90)	(8.27)
Income tax expenses	(51.09)	(64.06)	(12.97)	(20.25)
Profit for the period	1,322.39	843.40	478.99	56.79
Profit attributable to non-controlling interests of the subsidiaries	5.96	0.24	5.72	2,352.26
Profit attributable to equity holders of the Company	1,316.43	843.16	473.27	56.13

Statement of Financial Position	June 30,	December 31,	Change			
			2019	2018	Amount	%
Unit: Million Baht						
Assets	93,797.31	83,500.54	10,296.77			12.33
Liabilities	65,057.72	57,671.82	7,385.90			12.81
Shareholders' equity	28,739.59	25,828.72	2,910.87			11.27

Please be informed accordingly

Sincerely yours

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

Directors