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November 14, 2019

Subject: Clarification on Operating Result and Financial Position for the nine-month ended September 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 nine-month ended September 30, 2019 as follows:

Performance Overview

For the first nine months of 2019, the Company and its subsidiaries had profit attributable to equity holders of the Company amounting to Baht 1,521.73 million, down from the same period of the previous year by Baht 604.88 million mainly due to decreased revenues from construction services and increased administrative expenses.

Revenues from construction services and sales of construction materials

For the first nine months of 2019, the Company and its subsidiaries reported revenues from construction services and sales of construction materials of Baht 17,795.02 million, representing 92.42% of total revenues, a decrease of 19.79% or Baht 4,390.43 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 nine months of 2019, the Company and its subsidiaries registered cost of construction services and sales of construction materials amounting to Baht 16,282.10 million, a decrease by Baht 4,131.25 million or 20.24% from the same period of the prior year. Gross profit for the first nine months of 2019 was Baht 1,512.92 million, dropped by Baht 259.18 million or 14.63% from the same period of last year due to decreased revenues from construction services, while gross profit margin was 8.50%, compared to 7.99% in the first nine months of 2018.

### Other income

For the first nine months of 2019, the Company and its subsidiaries had other income of Baht 1,459.29 million, increased by Baht 168.62 million or 13.06% from the same period of last year as a result of increased interest income from Xayaburi Power Company Limited and gain from sales of investment and land.

### Administrative Expenses

For the first nine months of 2019, the Company and its subsidiaries had administrative expenses of Baht 1,934.14 million, increased by Baht 532.65 million or 38.01% from last year mainly due to employee-related expenses, depreciation, development cost writeoff and Specific Business Tax.

### Share of profit from investments in associated companies

For the first nine months of 2019, the Company and its subsidiaries reported share of profit from investments in associated companies of Baht 1,512.30 million down by Baht 5.43 million, or 0.36%, from the same period of last year.

### Financial Position

As of September 30, 2019, the Company and its subsidiaries had total assets of Baht 87,165.06 million. An increase of Baht 3,664.52 million from the end of prior year was mainly due to increased investment in associated companies. Total liabilities amounted to Baht 59,493.46 million, increasing by Baht 1,821.64 million from the end of prior year due to increased debentures. Total shareholders' equity amounted to Baht 27,671.60 million, an increase of Baht 1,842.88 million from the end of prior year.

### Cash Flow

For the first nine months of 2019, the Company and its subsidiaries had net cash from operating activities of Baht 3,485.26 million due to the Company and its subsidiaries' financial results. Net cash used in investing activities was Baht 3,307.76 million, most of which came from additional investments in investments in associated companies and fixed assets. Net cash from financing activities was Baht 1,496.09 million mainly from increased short-term debt. As a result, net cash increased by Baht 1,641.06 million from the beginning balance.

## Financing

For the first nine months of 2019, finance cost amounted to Baht 920.37 million, fell by Baht 32.26 million or 3.39% from the same period of last year as a result of decreased average cost of debt. Net debt registered Baht 28,801.74 Million at the end of Q3 2019, an increase of Baht 1,040.17 Million from the end of 2018. Net-Debt-to-Equity ratio according to the Company's consolidated financial statement as of September 30, 2019 was 1.04 times, down from the end of prior year which was 1.07 times. Still, the ratio did not exceed 3.00 times, which is the covenant for bank loans and debentures.

Income Statement	For the nine-month ended September 30		Change	
	2019	2018	Amount	%
Revenues from construction services and sales of construction materials	17,795.02	22,185.45	(4,390.43)	(19.79)
Other income	1,459.29	1,290.67	168.62	13.06
<b>Total revenues</b>	19,254.31	23,476.12	(4,221.81)	(17.98)
Cost of construction services and sales of construction materials	16,282.10	20,413.35	(4,131.25)	(20.24)
Administrative expenses	1,934.14	1,401.49	532.65	38.01
<b>Total expenses</b>	18,216.24	21,814.84	(3,598.60)	(16.50)
Profit before share of profit (loss) from investments in associated companies, finance cost and income tax expenses	1,038.07	1,661.28	(623.21)	(37.51)
Share of profit (loss) from investments in associated companies	1,512.30	1,517.73	(5.43)	(0.36)
Finance cost	920.37	952.63	(32.26)	(3.39)
Income tax expenses	94.47	100.83	(6.36)	(6.31)
<b>Profit for the period</b>	1,535.53	2,125.55	(590.02)	(27.76)
Profit attributable to non-controlling interests of the subsidiaries	13.80	(1.06)	14.86	(1,400.47)
<b>Profit attributable to equity holders of the Company</b>	1,521.73	2,126.61	(604.88)	(28.44)

Statement of Financial Position	September 30, 2019	December 31, 2018	Change	
			Amount	%
Assets	87,165.06	83,500.54	3,664.52	4.39
Liabilities	59,493.46	57,671.82	1,821.64	3.16
Shareholders' equity	27,671.60	25,828.72	1,842.88	7.14

Please be informed accordingly

Sincerely yours

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

Directors