

Ref: CK-20-0000-AFD(AC)-L-0013

February 28, 2020

Subject: Clarification on Operating Result and Financial Position for the year ended December 31, 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 year ended December 31, 2019 as follows:

Performance Overview

The Company and its subsidiaries had profit attributable to equity holders of the Company amounting to Baht 1,777.78 million, down from the previous year by Baht 716.53 million mainly due to decreased revenues from construction services and increased administrative expenses.

Revenues from construction services and sales of construction materials

The Company and its subsidiaries reported revenues from construction services and sales of construction materials of Baht 23,009.80 million, representing 92.79% of total revenues, a decrease of 21.46% or Baht 6,286.14 million from last year. The revenue dropped because Jira-Khon Kaen Double-Track Railway Project and Xayaburi Hydroelectric Power Project have been completed and now in maintenance period.

Cost of construction services and sales of construction materials

The Company and its subsidiaries registered cost of construction services and sales of construction materials amounting to Baht 21,027.98 million, a decrease by Baht 5,947.68 million or 22.05% from the prior year. Gross profit in 2019 was Baht 1,981.82 million, dropped by Baht 338.46 million or 14.59% from last year due to decreased revenues from construction services, while gross profit margin was 8.61%, compared to 7.92% in 2018.

Other income

The Company and its subsidiaries had other income of Baht 1,786.71 million, decreased by Baht 92.92 million or 4.94% from last year due to less gain from sales of investment.

Administrative Expenses

The Company and its subsidiaries had administrative expenses of Baht 2,429.56 million, increased by Baht 444.73 million or 22.41% 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

The Company and its subsidiaries reported share of profit from investments in associated companies of Baht 1,806.24 million up by Baht 148.61 million, or 8.97%, from last year.

Financial Position

The Company and its subsidiaries had total assets of Baht 82,585.59 million. A decrease of Baht 914.95 million from the end of prior year was mainly due to decreased accounts receivable and contract assets. Total liabilities amounted to Baht 54,773.07 million, decreasing by Baht 2,898.75 million from the end of prior year due to decreased accounts payable and other payables. Total shareholders' equity amounted to Baht 27,812.52 million, an increase of Baht 1,983.80 million from the end of prior year.

Cash Flow

The Company and its subsidiaries had net cash from operating activities of Baht 3,427.69 million due to the Company and its subsidiaries' financial results. Net cash used in investing activities was Baht 2,949.63 million, most of which came from additional investments in investments in associated companies and fixed assets. Net cash used in financing activities was Baht 396 million. As a result, net cash increased by Baht 45.18 million from the beginning balance.

Financing

In 2019, the finance cost amounted to Baht 1,225.80 million, fell by Baht 21.73 million or 1.74% last year. Net interest-bearing debt registered Baht 27,844.03 Million at the end of 2019, an increase of Baht 82.43 Million from the end of 2018. Net-Debt-to-Equity ratio according to the Company's consolidated financial statement as of December 31, 2019 was 1.00 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 year ended		Change	
	December 31			
Unit: Million Baht	2019	2018	Amount	%
Revenues from construction services and sales of construction materials	23,009.80	29,295.94	(6,286.14)	(21.46)
Other income	1,786.71	1,879.63	(92.92)	(4.94)
Total revenues	24,796.51	31,175.57	(6,379.06)	(20.46)
Cost of construction services and sales of construction materials	21,027.98	26,975.66	(5,947.68)	(22.05)
Administrative expenses	2,429.56	1,984.83	444.73	22.41
Total expenses	23,457.54	28,960.49	(5,502.95)	(19.00)
Profit before share of profit (loss) from investments in associated companies, finance cost and income tax expenses	1,338.97	2,215.08	(876.11)	(39.55)
Add Share of profit (loss) from investments in associated companies	1,806.24	1,657.63	148.61	8.97
Less finance cost	1,225.80	1,247.53	(21.73)	(1.74)
income tax expenses	126.39	138.78	(12.39)	(8.93)
Profit for the period	1,793.02	2,486.40	(693.38)	(27.89)
Less profit attributable to non-controlling interests of the subsidiaries	15.24	(7.91)	23.15	(292.73)
Profit attributable to equity holders of the Company	1,777.78	2,494.31	(716.53)	(28.73)

Statement of Financial Position	December 31,	December 31,	Change	
			Amount	%
Unit: Million Baht	2019	2018		
Assets	82,585.59	83,500.54	(914.95)	(1.10)
Liabilities	54,773.07	57,671.82	(2,898.75)	(5.03)
Shareholders' equity	27,812.52	25,828.72	1,983.80	7.68

Please be informed accordingly

Sincerely yours

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

Directors