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February 28, 2017

Subject: Clarification on Operating Result and Financial Position for the year ended December 31, 2016

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, 2016 as follows:

Income Statement	For the year ended		Change	
	December 31			
Unit: Million Baht	2016	2015	Amount	%
Revenues from construction services and sales of construction materials	45,768.29	34,846.94	10,921.35	31.34
Other income	1,251.26	3,180.81	(1,929.55)	(60.66)
Total revenues	47,019.55	38,027.75	8,991.80	23.65
Cost of construction services and sales of construction materials	42,530.06	31,985.80	10,544.26	32.97
Administrative expenses	1,781.23	1,758.51	22.72	1.29
Total expenses	44,311.29	33,744.31	10,566.98	31.31
Profit before share of profit (loss) from investments in associated companies, finance cost and income tax expenses	2,708.26	4,283.44	(1,575.18)	(36.77)
Share of profit (loss) from investments in associated companies	577.61	(19.36)	596.97	(3,083.52)
Finance cost	(1,165.80)	(1,544.67)	378.87	(24.53)
Income tax expenses	(77.62)	(459.01)	381.39	(83.09)
Profit for the period	2,042.45	2,260.40	(217.95)	(9.64)
Profit attributable to equity holders of the Company	2,002.40	2,192.64	(190.24)	(8.68)
Profit attributable to non-controlling interests of the subsidiaries	40.05	67.76	(27.71)	(40.89)

Profit attributable to equity holders of the Company for 2016 was Baht 2,002.40 million, decreasing by Baht 190.24 million or 8.68% The Company and its subsidiaries had profit attributable to equity holders of the Company amounting to Baht 2,002.40 million, down by Baht 190.24 million or 8.68% from the previous year. The decline came from the decrease in gain from sales of investments. However, the gross profit increased by Baht 377.09 million while finance cost and income tax expense decreased as compared to the prior year.

In 2016, revenues from construction services and sales of construction materials rose by Baht 10,921.35 million or 31.34% to Baht 45,768.29 million The Company and its subsidiaries had revenues from construction services and sales of construction materials of Baht 45,768.29 million, representing 97.34% of total revenues, a rise of 31.34% or Baht 10,921.35 million from the same period of the prior year. The increase was a result of construction progress of the remaining construction projects, especially that of Xayaburi project including the additional construction work which was approved by the project owner in 2016.

Cost of construction services and sales of construction materials in 2016 was Baht 42,530.06 million, an increase by Baht 10,544.26 million or 32.97% The Company and its subsidiaries had cost of construction services and sales of construction materials to Baht 42,530.06 million, an increase by Baht 10,544.26 million or 32.97% from the previous year due to construction progress of the remaining construction projects including Xayaburi project's additional construction work. Gross profit in 2016 was Baht 3,238.23 million, an increase by Baht 377.09 million or 13.18% from last year, while gross profit margin dropped from 8.21% in 2015 to 7.08% in 2016 mainly because the Company's subsidy recognized the additional construction work of Xayaburi project in which gross profit margin is lower than the main contract.

Other income in 2016 amounted to Baht 1,251.26 million, a drop by Baht 1,929.55 million or 60.66% The Company and its subsidiaries had other income of Baht 1,251.26 million, a drop by Baht 1,929.55 million or 60.66% from last year mainly because of the decrease in gain from sales of investments as well as the decrease in dividend income due to the amalgamation of Bangkok Expressway and Metro plc which resulted in a change in accounting treatment from dividend income to profit sharing.

In 2016, administrative expenses amounted Baht 1,781.23 million, an increase of Baht 22.72 million or 1.29% The Company and its subsidiaries had administrative expenses of Baht 1,781.23 million, an increase of Baht 22.72 million or 1.29% from the prior year.

Share of profit from investments in associated companies for 2016 was Baht 577.61 million, an increase by Baht 596.97 million

The Company and its subsidiaries had profit sharing from investments in associated companies of Baht 577.61 million in 2016 compared to loss sharing from investments in associated companies of Baht 19.36 million in 2015 due to the profit sharing from Bangkok Expressway and Metro plc after the amalgamation was completed in December 2015.

Finance cost amounted to Baht 1,165.80 million, a drop by Baht 378.87 million or 24.53% from last year

The Company and its subsidiaries had finance cost of Baht 1,165.80 million, decreasing by Baht 378.87 million or 24.53% from last year because the average cost of debt was lower than that in 2015 and the Company's subsidiary expected to get compensation from its client.

Income tax expenses amounted Baht 77.62 million, decreasing by Baht 381.39 million or 83.09%

The Company and its subsidiaries had income tax expenses of Baht 77.62 million, decreasing from the prior year by Baht 381.39 million or 83.09%. Such decrease was mainly due to taxes on gain from sales of investments.

Statement of Financial Position Unit: Million Baht	December 31, 2016	December 31, 2015	Change	
			Amount	%
Assets	94,928.37	93,065.90	1,862.47	2.00
Liabilities	73,074.05	72,210.23	863.82	1.20
Shareholders' equity	21,854.32	20,855.67	998.65	4.79

Total asset as of December 31, 2016 amounted to Baht 94,928.37 million, a 2.00% increase from the end of prior year

As of December 31, 2016, the Company and its subsidiaries had total assets of Baht 94,928.37 million, an increase of Baht 1,862.47 million or 2.00% from the end of prior year. The increase was mainly due to increases in cash, investment in associated companies (Bangkok Expressway and Metro plc), and loan to an associated company.

Total liabilities as of December 31, 2016 amounted to Baht 73,074.05 million, a 1.20% increase from the end of 2015

As of December 31, 2016, the Company and its subsidiaries had total liabilities of Baht 73,074.05 million, an increase of Baht 863.82 million or 1.20% from the end of prior year. The increase mainly came from the drawdown of short-term loans and issuance of new debentures.

Shareholders' equity as of December 31, 2016 amounted to Baht 21,854.32 million, a 4.79% increase from the end of 2015

As of December 31, 2016, the Company and its subsidiaries had total shareholders' equity of Baht 21,854.32 million, an increase of Baht 998.65 million or 4.79% from the end of prior year as a result of profit during the period and gain from revaluation of investment in TTW plc.

In 2016, Cash Flow Statement showed net cash from operating activities of Baht 18,362.20 million, net cash used in investing activities of Baht 14,133.17 million and net cash from financing activities of Baht 2,505.59 million

In 2016, the Company and its subsidiaries had net cash from operating activities of Baht 18,362.20 million mainly from cash collection of completed construction work especially from Xayaburi Project. Net cash used in investing activities was Baht 14,133.17 million, most of which came from increased loan to an associated company, additional investments in associated companies and short-term investments. Net cash from financing activities was Baht 2,505.59 million, most of which came from the drawdown of bank loans and issuance of new debentures. As a result, net cash increased by Baht 6,739.21 million from the beginning balance.

Net-Debt-to-Equity ratio as of December 31, 2016 was 1.33 times, compared to 1.66 times at the end of 2015

Net-Debt-to-Equity ratio according to the Company's consolidated financial statement as of December 31, 2016 was 1.33 times, compared to 1.66 times as of the end of prior year. The decrease came from less net interest-bearing debt and increased Shareholders' equity. Still, the ratio did not exceed 3.00 times, which is the covenant for bank loans and debentures.

Please be informed accordingly

Sincerely yours

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

Directors