

Date 11 August 2020

Re: Management Discussion & Analysis for the 6-months period Ended 30 June 2020  
 To The President of the Stock Exchange of Thailand (SET)

CHAOPRAYAMAHANAKORN PUBLIC COMPANY LIMITED (“the Company”) would like to provide an explanation regarding our financial performance for the 6-months period ended 30 June 2020 as follows:

### Financial Performance

	For the 6 months period ended					
	30 June 2020		30 June 2019		Change	
	Millions of THB	%	Millions of THB	%	Millions of THB	%
Revenue from sale of real estate	431.27	83.77%	699.15	90.53%	(267.88)	(38.32%)
Revenue from construction service	61.37	11.92%	45.13	5.84%	16.24	35.97%
Other Revenue	22.18	4.31%	27.99	3.62%	(5.80)	(20.74%)
<b>Total Revenue</b>	<b>514.82</b>	<b>100.00%</b>	<b>772.27</b>	<b>100.00%</b>	<b>(257.45)</b>	<b>(33.34%)</b>
Cost of sales	(249.29)	(48.42%)	(398.64)	(51.62%)	(149.35)	(37.46%)
Cost of construction service	(61.80)	(12.00%)	(42.77)	(5.54%)	19.03	44.49%
<b>Total Cost</b>	<b>(311.71)</b>	<b>(60.55%)</b>	<b>(441.41)</b>	<b>(57.16%)</b>	<b>(129.70)</b>	<b>29.38%</b>
<b>Gross Profit</b>	<b>203.11</b>	<b>39.45%</b>	<b>330.86</b>	<b>42.84%</b>	<b>127.75</b>	<b>38.61%</b>
Selling Expense	(91.11)	(17.70%)	(110.85)	(14.35%)	(19.74)	(17.81%)
Administrative Expense	(83.36)	(16.19%)	(100.14)	(12.97%)	(16.78)	(16.75%)
Other Expenses	(13.56)	(2.63%)	(20.58)	(2.66%)	(7.02)	(34.12%)
<b>EBIT</b>	<b>15.70</b>	<b>3.05%</b>	<b>99.30</b>	<b>12.86%</b>	<b>(83.60)</b>	<b>(84.19%)</b>
Financing cost	(9.45)	(1.84%)	(38.63)	(5.00%)	(29.18)	(75.53%)
<b>EBT</b>	<b>6.25</b>	<b>1.21%</b>	<b>60.67</b>	<b>7.86%</b>	<b>(54.42)</b>	<b>(89.70%)</b>
Corporate Income Tax	(6.84)	(1.33%)	(24.24)	(3.14%)	(17.39)	(71.77%)
<b>Net Profit</b>	<b>(0.59)</b>	<b>(0.11%)</b>	<b>36.43</b>	<b>4.72%</b>	<b>(37.02)</b>	<b>(101.62%)</b>

### **Revenue from Sale of real estate**

Revenue from sale of real estate for the 6-months period ended 30 June 2020 and 2019 were THB 431.27 and 699.15 million respectively. Revenue from sale of real estate declined by THB 267.88 million or 38.32%. This is because the slowdown of real estate business sector resulted from Loan to Value regulation or "LTV" since 2019. Moreover, the household debt has been steadily increased in recent years which result to the strict in granting a loan to the borrower from many financial institutions. As well as, the epidemic of Covid 19 have severe negative impacts on the economy. There are many industries that have been impacted from this pandemic which most directly are service and tourism industries. Therefore, this results to lower entrepreneurs and workers income, increase in unemployment rate, people in general are worried about uncertainty financially. As a result, people will most likely postpone their purchase a high value asset which buying a real estate is one of them.

### **Cost of sales and Gross Profit**

Cost of sales for the 6-months period ended 30 June 2020 and 2019 were THB 249.29 and 398.64 million respectively. Cost of real estate sold accounted for 57.80% and 57.02% respectively when compared to revenue from real estate.

However, gross margins for the 6-months period ended 30 June 2020 and 2019 were 42.20% and 42.98% respectively.

### **SG&A**

The Company selling expense for the 6-months period ended 30 June 2020 and 2019 were THB 91.11 and 110.85 million respectively. Selling expense has decreased by THB 19.74 million or 17.81%.

The Company administrative expense for the 6-months period ended 30 June 2020 and 2019 were THB 83.36 and 100.14 million respectively. Administrative expense decreased by THB 16.78 million or 16.75%. This is because of the inauguration of the cost and expense saving policy of the Company which currently affected from Covid 19 outbreak.

### **Financing Cost**

The Company financing cost for the 6-months period ended 30 June 2020 and 2019 were THB 9.45 and 38.63 million respectively, a significance decreased of THB 29.18 million or 73.53%. This is because the Company repaid majority of short-term loan. As a result, the financing cost was reduced. As 30 June 2020.

### **Net Profit**

The Company net profit for the 6-months period ended 30 June 2020 and 2019 were THB (0.59) and 36.43 million respectively, a decrease of THB 37.02 million or 101.62%. Major reason for sharp decrease in Company net income is due mainly to the epidemic of Covid 19 which have a negative impact in revenue

from real estate business. Therefore, the net profit margin of the Company was (0.11%) and 4.72%, respectively.

**Conclusion**

As 30 June 2020, the Company backlog was THB 1,570.87 million and the company's inventory was THB 5,540.48 million including 3 projects under construction which are currently on sell and expected to complete in 2020.

Please be informed accordingly.

Yours truly,

*-Dr. Noppadol Mingchinda-*

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Dr. Noppadol Mingchinda  
Chief Financial Officer