

TRANSLATION

TTCL PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

1. The Operating Performance for the Period Ended Q3 Year 2017

The Company reported its Gross Profit at THB 706 million, weakened -37% mainly caused by sharply drop in construction backlog value and the new EPC contract awarded in 2017 has not been fully implemented during the period. However, the recovery of the Ahlone Power Plant operation in the 3rd Quarter has helped the Company's overall performance stronger especially on QoQ basis. The Net Profit was further down -60% to THB 153 million caused by the rise in Administrative Expenses, roughly THB 90 million or 14.5% compared to the same period last year, reflecting the Company's efforts in bidding new potential construction projects and implementation of power plant business plan.

The Foreign Exchange Difference on Translation Financial Statement was recorded at THB -337 million caused by USD weakened during the period affecting the Company's foreign currency deposit received from the construction project in Qatar, THB -100 million and equity investment in foreign subsidiaries, mainly TTPHD Group in Singapore, THB -250 million. Therefore, the Comprehensive Income for the Period was further down to THB -184 million. The above Net Profit, THB 153 million, was attributed to the Company at THB 110 million and the Basic Earnings per share were calculated at THB 0.20 per share.

2. Management Discussion and Analysis Report according to consolidated financial statements

	For the Period Ended				
	30 Sept. 2017		30 Sept. 2016		Change
	THB Mln.	%	THB Mln.	%	%
Revenues					
Construction and service revenues (EPC)	7,714.0	93.01%	15,048.9	97.31%	(48.74%)
Revenue from operation power plant	579.5	6.99%	415.3	2.69%	39.55%
Total Revenues	8,293.5	100.00%	15,464.2	100.00%	(46.37%)
Less Cost of constructions and services (EPC)	(7,144.1)	86.14%	(14,164.6)	91.60%	(49.56%)
Less Costs of operation power plant	(443.0)	5.34%	(172.0)	1.11%	157.52%
Total Costs	(7,587.1)	91.48%	(14,336.7)	92.71%	(47.08%)
Gross profit	706.4	8.52%	1,127.5	7.29%	(37.35%)
Add Other income	365.9	4.41%	197.1	1.27%	85.64%
Less Gain (Loss) on Exchange Rate, net	37.5	0.45%	31.7	0.20%	18.21%
Less Administrative Expenses	(690.2)	(8.32%)	(602.8)	(3.90%)	14.50%
Add Share of Profit/(Loss) of Associate	15.3	0.18%	12.5	0.08%	22.62%
Add Share of Profit/(Loss) of joint venture	0.6	0.01%	0.7	0.00%	(5.97%)
Profit before Financial Costs & Income Tax	435.5	5.25%	766.7	4.96%	(43.19%)
Less Financial Costs	(323.0)	3.89%	(322.3)	(2.08%)	0.22%
Profit before Income Tax	112.5	1.36%	444.4	2.87%	(74.68%)
Less Income Tax	40.5	(0.49%)	(72.5)	0.47%	(155.92%)
Net Profit for this Period	153.1	1.85%	371.9	2.40%	(58.85%)
Add/(Less) FX Translation on Financial Statements and Others	(336.9)	(4.06%)	(255.5)	1.65%	31.90%
Total Comprehensive Income for the Period	(183.9)	(2.22%)	116.4	0.75%	(257.92%)
Profit Attributable to:					
Owners of the parent	109.6		352.1		(68.86%)
Non-controlling interests	43.4		19.8		(119.28%)
	153.1		371.9		(58.84%)
Basic earnings per share (THB)	0.20		0.63		(68.86%)

2.1 Analysis of Revenues, Costs and Expenses

2.1.1 Revenues

Total Revenues fall -46% and recorded at THB 8.3 billion at the end of Q3 Year 2017.

Revenues	30 Sept. 2017	30 Sept. 2016	% Change
Construction and service revenues (EPC)	7,714.0	15,048.9	(48.74%)
Revenue from operation power plant	579.5	415.3	39.55%
Total Revenues	8,293.5	15,464.2	(46.37%)

• EPC Businesses

The Revenue from EPC Construction and Services was down to THB 7.7 billion or declined -49% from last year.

The Top-3 projects account for more than 75% of the total including:

#	Project	Amount Million THB	% of EPC Revenues	% Progress of Contract
1	Malaysia's Utility for SCC in RAPID Project	3,407.60	44.17%	93%
2	PTTGC's LLDPE Expansion and Hexene-1 Project	1,700.62	22.05%	91%
3	Laos's Rock Salt Exploitation & Processing Plant Project	804.86	10.43%	44%
	Subtotal	5,913.08	76.65%	
4	Others	1,800.92	23.35%	
	Grand Total	7,714.00	100.00%	

• Power Plant Businesses

Revenue from Operation of Power Plant increased 40% to THB 580 million as the plant was recovered and resumed its normal operation since the 2nd Quarter 2017.

2.1.2 Costs & Gross Profit

Gross Profit Margin Comparison

30 Sept. 2017	Revenue	Cost	Gross Profit	Margin %
EPC Construction	7,714.0	(7,144.1)	569.89	7.39%
Operation of Power Plant	579.5	(443.0)	136.53	23.56%
Total	8,293.5	(7,587.1)	706.42	8.52%

30 Sept. 2016	Revenue	Cost	Gross Profit	Margin %
EPC Construction	15,048.9	(14,164.6)	884.24	5.88%
Operation of Power Plant	415.3	(172.0)	243.27	58.58%
Total	15,464.2	(14,336.7)	1,127.51	7.29%

Gross Profit Margin was improved from 7.29% to 8.52% mainly caused by the higher margin in EPC Construction. The margin from Operation of Power Plant businesses was also improved to 23.56% on QoQ basis but still behind from that of 2016 at 58.58%. This was due to the repairing and replacement costs incurred in the 1st Quarter and the normal operation was just resumed in operation again in the 2nd Quarter.

2.1.3 Other income and Gain (Loss) on Exchange Rate

The Other Income grew 86% and recorded at THB 366 million. The majority of the Other Income came from TTPMC for insurance claims and interest income at THB 204 million and THB 95 million respectively.

The Company also recorded Gain on Exchange Rate at THB 38 million from overseas subsidiaries mainly TTCL Malaysia and Singapore resulting from weakened USD during the period.

2.1.4 Administrative expenses

The Administration Expenses increased 15% to THB 690 million mainly caused by the bidding proposal expenses for new potential projects and the implementation costs of power plant business plan.

2.1.5 Share of Profit of Associate and Joint Venture

Share of Profit of Associate and Joint Venture were slightly changed which came from investment in Siam Solar Power Co., Ltd. (SSP), the owner of 8MW Solar Farm Power Plant in Ang Thong, at THB 15.3 million and Siam GNE Solar Energy Co., Ltd., the owner of 0.7MW Solar Roof-Top in Rayong, at THB 0.6 million.

2.1.6 Finance Cost and Income Tax

The financial cost for the period was slightly changed at THB -323 million and Income Tax became positive and booked at THB 40.5 million when the consolidated statement took into account of the Deferred tax asset from TTCL's statement. As a result, the Company recorded the Net Profit for the period at THB 153 million or around -60% lower than last year.

3. Analysis of Financial Status

3.1 Analysis of Assets

Figures in THB Million	30-Sep-17	31-Dec-16	Increase/(Decrease)	% Change
Current assets	17,475.73	17,298.00	177.73	1.03%
Non-current assets	8,179.91	8,514.10	(334.19)	(-3.93%)
Total assets	25,655.64	25,812.10	(156.46)	(-0.61%)

As at September 30, 2017, TTCL had Total Assets in amount THB 25,656 million, decreased THB -156 million which were primarily comprised of Current Assets THB 178 million and Non Current Assets THB -334 million.

Current Assets recorded at THB 17,476 million, slightly increased THB 178 million or up 1%. Such of changes were:

- Cash & Cash Equivalent increased THB 1,437 million mainly from progress of Malaysia's Utility for SCC in RAPID Project.
- Trade Accounts Receivable from Related Parties and Third Parties declined THB -2,304 million, mainly caused by Rapid Project THB -1,189 million, Qatar's Desalination Plant Project THB -176 million, PTTGC's LLDPE Expansion and Hexene-1 Project THB -431 million.
- An increase of Unbilled Contract Revenue -Third Parties amounting THB 545 million, primarily was driven by PTTGC's LLDPE Expansion and Hexene-1 Project THB 205 million, Laos's Rock Salt Exploitation and Processing Plant Project THB 799 million; Qatar's Desalination Project THB -241 million.
- Construction in Progress - Third Parties increased THB 690 million resulted by Domestic Power Plants and Petrochemical Projects.

Total Non-Current Assets recorded at THB 8,180 million, dropped THB -334 million or -4% approximately. It was mainly caused by an increase of Trade Account Receivable - Relate party and Third party THB 359 million; decrease financial assets under concession agreement amounting THB -477 million which was amortized over Ahlone Power Plant Project in Myanmar in accordance with its concession life. Together with Loan to Relate Parties TTUS decreased THB -592 million; Plant and Equipment increased THB 322 million of Togo Mega Solar Project in Japan.

3.2 Analysis of Liabilities and Shareholders' Equity

Figures in THB Million	Liabilities + Equity			
	30-Sep-17	31-Dec-16	Increase/(Decrease)	% Change
Current Liabilities	12,950.85	13,190.26	(239.41)	(-1.82%)
Non-Current Liabilities	7,395.69	6,280.97	1,114.72	17.75%
Total Liabilities	20,346.54	19,471.23	875.31	4.50%
Shareholders' equity	5,309.10	6,340.87	(1,031.77)	(-16.27%)
Total Liabilities and shareholders' equity	25,655.64	25,812.10	(156.46)	(-0.61%)

Significant changes in Liabilities and Shareholder's equity were as follows:

Total Liabilities was recorded at THB 20,347 million. It was increased THB 875 million approximately or 5% against previous year, which was comprised of Current Liabilities and Non-Current Liabilities, amounting THB -239 million and THB 1,115 million respectively.

The major movement of Current Liabilities, mainly due to the changes in following items:

- Short-Term Loan from Financial Institution increased THB 1,556 million.
- Trade Account Payable to Third Parties dropped THB -1,035 million, mainly from Malaysia's Utility for SCC in RAPID Project and Qatar's Desalination Phase 2 Project and Domestic Petrochemical Plant Project.
- Accrued Construction Cost dropped THB -346 million, primarily caused by SEC/G1 Upgrading Phase 2 Project THB 170 million, Malaysia's Utility for SCC in RAPID Project THB -311 million, Qatar's Desalination Phase 2 Project THB -322 million and Togo Mega Solar Project THB 247 million.

Total Non-current Liabilities increased by THB 1,115 million, mainly from Company issued 3-year and 5-year debentures amounting THB 3,000 million and the proceed was partially repaid to a THB 1,000 million debenture which was due during the period. Together with repayment in Long-Term Loan from Financial Institution in accordance with the Loan Agreement for Ahlone's Project Financing decreased amounting THB -467 million.

Shareholder's equity recorded at THB 5,309 million, decreased THB -1,032 million or -16%. The Shareholders' Equity Opening Balance as at the beginning of the year was THB 6,341 million. During the period, Dividend was paid to shareholders THB -123 million, Total Comprehensive income for the period THB -184 million and changed of investment in subsidiary Singapore THB -725 million. Therefore, the Closing Balance of Shareholders' Equity as of 30 September 2017 was THB 5,309 million.

4. Major Financial Ratios

4.1. Profitability Ratios	30 Sept. 2017	30 Sept. 2016	Favorable/Unfavorable
4.1.1. Gross profit margin	8.52%	7.29%	Favorable
4.1.2. Net profit margin	1.85%	2.40%	Unfavorable
4.1.3. Times Interest Earned ratio	1.35	2.38	Unfavorable
4.1.4. Earnings per share	0.20	0.63	Unfavorable

4.2. Leverage Ratios	30 Sept. 2017	31 Dec. 2016	Favorable/Unfavorable
4.2.1. Current ratio	1.35	1.31	Neutral
4.2.2. Debt/ Equity ratio	3.83	3.07	Unfavorable

4.3. Shareholders Value Ratios	30 Sept. 2017	31 Dec. 2016	Favorable/Unfavorable
4.3.1. Net Book Value	9.48	11.32	Unfavorable
4.3.2. Return on total assets	0.60%	1.44%	Unfavorable
4.3.3. Return on equity	2.88%	5.86%	Unfavorable

5. Analysis of Cash Flows

Figures in THB Million	30-Sep-17	30-Sep-16
Net cash (used in) generated from operating activities	(1,176.58)	2,007.08
Net cash generated from (used in) investing activities	(524.54)	(218.50)
Net cash generated from (used in) financing activities	3,131.35	(828.24)
Net increase (decrease) in cash and cash equivalents	1,430.23	960.34
Beginning balance	2,208.35	1,571.59
Exchange rate gains/(loss) on cash and cash equivalents	6.74	(60.90)
Ending Balance	3,645.32	2,471.03

At the end of 3rd quarter of year 2017, Net cash and cash equivalents were recorded THB 3,645 million. The major of changes were component by Net cash generated from operating activities THB -1,177 million, Net cash used in investing activities THB -525 million, and Net cash receipts from financing activities THB 3,131 million. As a resulted, the beginning balance of cash and cash equivalents, which were booked at THB 2,208 million, were increased by THB 1,430 million from the year-ended 2016. The significant changes were:

5.1 Net cash generated from operating activities recorded at THB -1,177 million.

- + Change in Trade Accounts Receivable THB 1,996 million
- + Advance payment to subcontractors THB 344 million
- + Financial assets under concession arrangement THB 176 million
- Earning before Income Tax THB -332 million
- Unbilled contract revenue THB -740 million
- Change in Construction in progress THB -1,517 million
- Accrued construction costs THB -1,405 million

5.2 Net cash used in investing activities recorded at THB -524 million.

- Cash pay for investments in non-controlling interests THB -725 million
- + Proceeds from loan to related parties THB 173 million

5.3 Net cash receipts from financing activities recorded at THB 3,131 million.

- + Cash receipts from short-term loan from financial institutions THB 2,229 million
- + Cash receipts from issuing debentures THB 1,925 million
- Cash payment for debentures THB -1,000 million

5.4 Exchange gain from translation of cash and cash equivalents THB 6.7 million.