

TRANSLATION
TTCL PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS

1. The Operating Performance for the Period Ended Q1 Year 2017

The Company's Gross Profit dropped by half at -52% and booked at THB 211 million mainly caused by the decline in EPC Revenues and the increase in Costs of Operation of Power Plant. The delay of construction plan, especially for overseas project in Lao's Rock Salt Processing, and the repairing and replacement costs of Ahlone's power plant in Myanmar during the period were the main causes of such decline. Even though, the claims against insurance company over the power plant operation was booked under the Other Income at THB 254 million, the other fixed costs from Administrative Expenses, Financial Costs plus the occurrence of Loss on Exchange Rate from weakened USD were all considerably high. As a result, the Net Profit was further dropped to THB 56 million or -59% down on Year-on-Year basis.

The Foreign Exchange Difference on Translation Financial Statement was recorded at THB -177 million caused by USD weakened during the period affecting the Company's foreign currency deposit received from the construction project in Qatar, THB -56 million and equity investment in foreign subsidiaries, mainly TTPHD Group in Singapore, THB -133 million. Therefore, the Comprehensive Income for the Period was further down to THB -122 million. Also, the above Net Profit, THB 56 million was attributed to the Company at THB 45 million and the Basic Earnings per share were calculated at THB 0.08 per share.

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

	For the Period Ended				
	31 Mar. 2017		31 Mar. 2016		Change
	THB Min.	%	THB Min.	%	%
Revenues					
Construction and service revenues (EPC)	3,463.0	96.04%	6,023.6	98.10%	(42.51%)
Revenue from operation power plant	142.9	3.96%	116.9	1.90%	22.29%
Total Revenues	3,605.9	100.00%	6,140.4	100.00%	(41.28%)
Less Cost of constructions and services (EPC)	(3,143.2)	87.17%	(5,637.4)	91.81%	(44.24%)
Less Costs of operation power plant	(251.5)	6.97%	(60.9)	0.99%	313.06%
Total Costs	(3,394.7)	94.14%	(5,698.3)	92.80%	(40.43%)
Gross profit	211.2	5.86%	442.1	7.20%	(52.23%)
Add Other income	254.4	7.06%	45.0	0.73%	465.98%
Less Gain (Loss) on Exchange Rate, net	(51.8)	(1.44%)	3.6	0.06%	(1550.42%)
Less Administrative Expenses	(238.9)	(6.63%)	(202.6)	(3.30%)	17.93%
Add Share of Profit/(Loss) of Associate	5.8	0.16%	6.0	0.10%	(4.00%)
Add Share of Profit/(Loss) of joint venture	0.1	0.00%	0.2	0.00%	(54.17%)
Profit before Financial Costs & Income Tax	180.8	5.01%	294.3	4.79%	(38.58%)
Less Financial Costs	(102.2)	2.83%	(109.1)	(1.78%)	(6.35%)
Profit before Income Tax	78.6	2.18%	185.2	3.02%	(57.57%)
Less Income Tax	(22.7)	0.63%	(49.8)	0.81%	(54.40%)
Net Profit for this Period	55.9	1.55%	135.4	2.20%	(58.74%)
Add/(Less) FX Translation on Financial Statements and Others	(177.3)	(4.92%)	(165.2)	2.69%	7.35%
Total Comprehensive Income for the Period	(121.5)	(3.37%)	(29.8)	(0.49%)	(307.55%)
Profit Attributable to:					
Owners of the parent	45.2		140.3		(67.81%)
Non-controlling interests	10.7		(5.0)		314.89%
	55.9		135.4		(58.74%)
Basic earnings per share (THB)	0.08		0.25		(67.81%)

2.1 Analysis of Revenues, Costs and Expenses

2.1.1 Revenues

Total Revenues fall -41.0% and recorded at THB 3.6 billion.

Revenues	31 Mar. 2017	31 Mar. 2016	% Change
Construction and service revenues (EPC)	3,463.0	6,023.6	(42.51%)
Revenue from operation power plant	142.9	116.9	22.29%
Total Revenues	3,605.9	6,140.4	(41.28%)

• EPC Businesses

The Revenue from EPC Construction and Services was down to THB 3.5 billion or declined -43% from last year.

The Top-3 projects account for more than 80% of the total including:

#	Project	Amount Million THB	% of EPC Revenues	% Progress of Contract
1	Malaysia's Utility for SCC in RAPID Project	1,247.47	36.02%	70%
2	PTTGC's LLDPE Expansion and Hexene-1 Project	864.40	24.96%	74%
3	Laos's Rock Salt Exploitation & Processing Plant Project	725.15	20.94%	44%
	Subtotal	2,837.02	81.92%	
4	Others	625.98	18.08%	
	Grand Total	3,463.00	100.00%	

The overall construction progresses were preceded as planned excepting for the Lao's Rock Salt Project which was expected to be resumed normal construction schedule in the 2nd half of 2017.

• Power Plant Businesses

Revenue from Operation of Power Plant increased 22% to THB 143 million but the plant was still not running at full capacity. Undertaking of repairing and replacement of major machinery and equipment were necessary during the period in order to run the plant efficiently. Normal operation then was expected in the 2nd Quarter onward.

2.1.2 Costs & Gross Profit

Gross Profit Margin Comparison

31 Mar. 2017	Revenue	Cost	Gross Profit	Margin %
EPC Construction	3,463.0	(3,143.2)	319.76	9.23%
Operation of Power Plant	142.9	(251.5)	(108.57)	(75.95%)
Total	3,605.9	(3,394.7)	211.19	5.86%

31 Mar. 2016	Revenue	Cost	Gross Profit	Margin %
EPC Construction	6,023.6	(5,637.4)	386.14	6.41%
Operation of Power Plant	116.9	(60.9)	56.00	47.91%
Total	6,140.4	(5,698.3)	442.14	7.20%

Gross Profit Margin was significantly dropped from 7.20% to 5.86% mainly caused by the Operation of Power Plant businesses. EPC Construction margin outperformed last year and increased from 6.41% to 9.23% mainly from the improvement of major construction projects and high-yielded EPCm works.

In contrast, the Costs of Operation of Power Plant was booked at THB 251.5 million reflecting repairing and replacement costs of the power plant during the period. This may be offset by insurance claimed and booked under the Other Income, THB 200 million of the total THB 254 million, but the Gross Profit was inevitably impacted and negatively brought down the overall Gross Profit margin to 5.86%.

2.1.3 Other income and Gain (Loss) on Exchange Rate

The Other Income significantly rose more than 4 times and recorded at THB 254 million. The major components of the Other Income came from TTPMC and were claims against insurance company for machinery broken-down and business interruption of the power plant in 2016 and interest income at THB 204 million and THB 49 million respectively.

As THB appreciated against USD during the period, the Company recorded for Loss on exchange rate at THB - 51.8 million illustrated by the following table:

Items	Amount (THB Million)
Realized Gain on Exchange	12.13
Unrealized Loss on Exchange	-56.35
Consolidation	-7.57
Loss of Exchange	-51.79

2.1.4 Administrative expenses

The Administration Expenses increased 18% to THB 239 million mainly caused by the bidding proposal expenses on process.

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 5.8 million and Siam GNE Solar Energy Co., Ltd., the owner of 0.7MW Solar Roof-Top in Rayong, at THB 0.1 million.

2.1.6 Finance Cost and Income Tax

The financial cost for the year dropped 6% to THB -102 million and Income Tax Expenses reduced by half and recorded at THB -23 million in line with the decline in revenues. As a result, the Company recorded the Net Profit for the period at THB 56 million or -59% decreased from last year.

3. Analysis of Financial Status

3.1 Analysis of Assets

Figures in THB Million	31-Mar-17	31-Dec-16	Increase/(Decrease)	% Change
Current assets	17,586.84	17,298.00	288.84	1.67%
Non-current assets	8,320.69	8,514.10	(193.41)	(-2.27%)
Total assets	25,907.53	25,812.10	95.43	0.37%

For the period ended Q1 2017, Total Assets slightly increased by 0.37 % and recorded at THB 25.9 billion. Total Current Assets increased THB 289 million, mainly due to the changes in following items:

- Cash & Cash Equivalent increased amount THB 1.0 billion from progress of Malaysia's Utility for SCC in RAPID Project.
- Trade Accounts Receivable decreased amount THB 1.6 billion which was presented by Rapid Project of THB 1.2 billion and Domestic Petrochemical Plant Project of THB 429 million.
- Unbilled Contract Revenue increased amount THB 458 million mainly from related parties of THB -462 million and third parties of THB 919 million which came from Malaysia's Utility for SCC in RAPID Project and Laos's Rock Salt Exploitation and Processing Plant Project respectively.

Total Non-current Assets decreased -2.3% or THB 193 million. The main reason for such decreases came from Trade Account Received -third parties THB 193 million came from Qatar's Desalination Phase 1 Project which was held for withholding tax of retention as per Qatar regulation, Loan repayment from related parties THB -218 million and the decline in Financial Assets Under Concession Agreement at -303 million was amortized over Ahlone Power Plant Project in Myanmar in accordance with its concession life.

3.2 Analysis of Liabilities and Shareholders' Equity

Figures in THB Million	31-Mar-17	31-Dec-16	Increase/(Decrease)	% Change
Current Liabilities	13,610.83	13,190.27	420.56	3.19%
Non-Current Liabilities	6,077.27	6,280.97	(203.69)	(-3.24%)
Total Liabilities	19,688.10	19,471.23	216.87	1.11%
Shareholders' equity	6,219.43	6,340.87	(121.44)	(-1.92%)
Total Liabilities and shareholders' equity	25,907.53	25,812.10	95.43	0.37%

For the period ended Q1 2017, Total Liabilities and Shareholder's Equity rose slightly 0.37%, the significant changes were as follows:

Total Liabilities increased by THB 217 million, or 1.1%, which was caused from a combination of increment in Current Liabilities and decrement in Non-Current Liabilities, amounting THB 421 million and THB -204 million, respectively.

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

- The Short-Term Loan from Financial Institution, amounting THB 307 million.
- Trade Account Payable – Third Parties dropped around THB -724 million from Malaysia's Utility for SCC in RAPID Project and Qatar's Desalination Plant Project.
- Increasing of Accrued Construction Cost amounting THB 668 million, which mainly from Laos's Rock Salt Exploitation and Processing Plant Project and Togo Mega Solar Project.

- Deferred Construction Revenue – Related Parties went up THB 368 million which caused by Advance Payment received from Malaysia’s Utility for SCC in RAPID Project.

Total Non-current Liabilities declined by THB -204 million mainly from the repayment in the Long-Term Loan from Financial Institution in accordance with the Loan Agreement for Ahlone’s Project Financing.

Shareholder’s equity decreased by -2% or THB -121 million. The Shareholders’ Equity Opening Balance as at the beginning of the year was THB 6.34 billion. During period, the decrease of Total Comprehensive was recorded at THB -121 million. As a result, Closing Balance of Shareholders’ Equity as the end of 31 March 2017 was THB 6.2 billion.

4. Major Financial Ratios

4.1. Profitability Ratios	31-Mar-17	31-Mar-16	Favorable/Unfavorable
4.1.1. Gross profit margin	5.86%	7.20%	Unfavorable
4.1.2. Net profit margin	1.55%	2.21%	Unfavorable
4.1.3. Times Interest Earned ratio	1.67	2.70	Unfavorable
4.1.4. Earnings per share	0.08	0.25	Unfavorable

4.2. Leverage Ratios	31-Mar-17	31-Dec-16	Favorable/Unfavorable
4.2.1. Current ratio	1.29	1.31	Neutral
4.2.2. Debt/ Equity ratio	3.17	3.07	Neutral

4.3. Shareholders Value Ratios	31-Mar-17	31-Dec-16	Favorable/Unfavorable
4.3.1. Net Book Value	11.11	11.32	Unfavorable
4.3.2. Return on total assets	0.22%	0.52%	Unfavorable
4.3.3. Return on equity	0.90%	2.14%	Unfavorable

5. Analysis of Cash Flows

Figures in THB Million	31 Mar. 2017	31 Mar. 2016
Net cash (used in)/generated from operating activities	816.82	93.53
Net cash (used in)/generated from investing activities	52.46	(191.04)
Net cash (used in)/receipts from financing activities	208.14	82.13
Net (decrease)/increase in cash and cash equivalents	1,077.42	(15.38)
Beginning balance	2,208.35	1,571.59
Exchange rate gains (loss) on cash and cash equivalent	(63.45)	(8.30)
Ending balance	3,222.32	1,547.92

For the period ended Q1 2017, the ending balance of cash and cash equivalents was THB 3.2 billion increased THB 1.7 billion from the same period in 2016. Such change was caused by a combination of the Net cash generated from operating activities, THB 817 million and the Net cash generated from investing activities, THB 52 million and Net cash receipts from financing activities, THB 208 million, all of which are detailed in the following explanations.

5.1 Net cash generated from operating activities, THB 817 million. The significant changes came from:

- + Earning before Income Tax THB 79 million
- + Change in Trade Accounts Receivable THB 1,281 million
- + Change in Accrued Construction Costs THB 515 million
- Change in Unbilled Contract Revenue THB -458 million
- Change in Trade Account Payable THB -577 million

5.2 Net cash generated from investing activities, THB 52 million. The significant changes came from:

- + Cash receipts from interest income THB 72 million

5.3 Net cash receipts from financing activities, THB 208 million. The significant changes came from:

- + Cash receipts from short-term loan from financial institutions THB 308 million
- Cash payment for long-term loan from financial institutions THB -100 million

5.4 Exchange rate loss on cash and cash equivalents THB -63 million.