

16 November 2018

Re: Management Discussion & Analysis for the Period Ended 30 September 2018
 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 and position for the 9-month period ended 30 September 2018 and position for the 3-month period ended 30 September 2018 as follows:

Financial Performance

	For the 9-month period ended					
	30 September 2017		30 September 2018		Change	
	Millions of THB	%	Millions of THB	%	Millions of THB	%
Revenue from sale of real estate	1,057.93	87.66%	1,501.95	96.98%	444.02	41.97%
Revenue from construction	-	-	8.04	0.52%	8.04	N/A
Cost of sales	(618.81)	(51.27%)	(870.10)	(56.18%)	251.29	40.61%
Cost of construction	-	-	(6.51)	(0.42%)	6.51	N/A
Gross Profit	439.12	36.38%	633.38	40.90%	194.26	44.24%
Other Revenue	148.98	12.34%	38.79	2.50%	(110.19)	(73.96%)
Selling Expense	(172.83)	(14.32%)	(154.89)	(10.00%)	(17.94)	(10.38%)
Administrative Expense	(179.17)	(14.85%)	(140.82)	(9.09%)	(38.35)	(21.40%)
Other Expenses	-	-	(17.80)	(1.15%)	17.80	N/A
EBIT	236.10	19.56%	358.66	23.16%	122.56	51.91 %
Financing cost	(153.30)	(12.70%)	(116.70)	(7.54%)	(36.60)	(23.87%)
EBT	82.80	6.86%	241.96	15.62%	159.16	192.20%
Corporate Income Tax	(12.39)	(1.03%)	(55.63)	(3.59%)	43.24	348.99%
Net Profit	70.41	5.83%	186.33	12.03%	115.92	164.62%

	For the 3-month period ended					
	30 September 2017		30 September 2018		Change	
	Millions of THB	%	Millions of THB	%	Millions of THB	%
Revenue from sale of real estate	262.41	67.89%	526.25	95.85%	263.84	100.54%
Revenue from construction	-	-	8.04	1.46%	8.04	N/A
Cost of sales	(159.12)	(41.17%)	(299.84)	(54.61%)	140.72	88.43%
Cost of construction	-	-	(6.51)	(1.19%)	6.51	N/A
Gross Profit	103.29	26.72%	227.94	41.52%	124.65	120.67%
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Other Revenue	124.13	32.11%	14.73	2.68%	(109.40)	(88.13%)
Selling Expense	(56.16)	(14.53%)	(51.12)	(9.31%)	(5.04)	(8.97%)
Administrative Expense	(90.34)	(23.37%)	(56.19)	(10.23%)	(34.15)	(37.81%)
Other Expenses	-	-	(8.51)	(1.55%)	8.51	N/A
EBIT	80.92	20.93%	126.85	23.10%	45.93	56.77%
Financing cost	(53.84)	(13.93%)	(41.42)	(7.54%)	(12.42)	(23.08%)
EBT	27.08	7.00%	85.43	15.56%	58.35	215.54%
Corporate Income Tax	(10.08)	(2.61%)	(22.20)	(4.04%)	12.12	120.29%
Net Profit	17.00	4.40%	63.23	11.52%	46.23	272.02%

Revenue from Sale of real estate

Revenue from sale of real estate for the 9-month periods ended 30 September 2017 and 2018 were THB 1,057.93 and 1,501.95 million consecutively. Revenue from sale of properties rose by THB 444.02 million or 41.97% due mainly to recognition of sale revenue from Chateau in Town Rama 8 Project which was completed around the end of 2017 and that from Chateau in Town Charansanitwong 96/2 Project which was completed during the second quarter of 2018.

Revenue from sale of real estate for the 9-month periods ended 30 September 2017 and 2018 were THB 262.41 and 526.25 million consecutively. Revenue from sale of properties rose by THB 263.84 million or 100.54% due mainly to recognition of sale revenue from Chateau in Town Rama 8 Project which was completed around the end of 2017 and that from Chateau in Town Charansanitwong 96/2 Project which was completed during the second quarter of 2018, in which these projects continually sold in the 3-month period ended 30 September 2018.

Cost of sales and Gross Profit

Cost of sales for the 9-month periods ended 30 September 2017 and 2018 were THB 618.81 and 870.10 million respectively, and for the 3-month periods ended 30 September 2017 and 2018 were THB 159.12 and 299.84 million respectively. Cost of properties sale is those related to real estate project development which are recognized in accordance with Matching Principle. It will rise or fall commensurate with rise or fall in revenue from sale of properties.

Gross margins for the 9-month periods ended 30 September 2017 and 2018 were 41.51% and 41.95% respectively, and gross margins for the 3-month periods ended 30 September 2017 and 2018 were 39.36% and 42.66% respectively. It could be seen that gross margin of the Group of Companies does not change significantly and maintain around as 40%. Because of the Company's policy to sustain appropriate gross margin for each real estate project development.

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The Company's selling expense for the 9-month periods ended 30 September 2017 and 2018 were THB 172.83 and 154.89 million consecutively. Selling expense declined by THB 17.94 million or 10.38% as it did not launch any new real estate project during the 9-month period ended 30 September 2018, resulting in decrease in its PR and selling expenses.

The Company's selling expense for the 3-month periods ended 30 September 2017 and 2018 were THB 56.16 and 51.12 million consecutively. Selling expense declined by THB 5.04 million or 8.97% as it did not launch any new real estate project during the 3-month period ended 30 September 2018, resulting in decrease in its PR and selling expenses.

The Company's administrative expense for the 9-month periods ended 30 September 2017 and 2018 were THB 179.17 and 140.82 million consecutively. Administrative expense declined by THB 38.35 million or 21.40%. This is because the Company recognized real estate project impairment during the 9-month period ended 30 September 2017 whereas none of such cost was recognized during the 9-month period ended 30 September 2018.

The Company's administrative expense for the 3-month periods ended 30 September 2017 and 2018 were THB 90.34 and 56.19 million consecutively. Administrative expense declined by THB 34.15 million or 37.81%. This is because the Company recognized real estate project impairment during the 3-month period ended 30 September 2017.

Financing Cost

The Company's financing cost for the 9-month periods ended 30 September 2017 and 2018 were THB 153.30 and 116.70 million respectively, a decline by THB 36.60 million or 23.87%. This is because the Company repaid some portion of loans with a quite high fixed rate.

The Company's financing cost for the 3-month periods ended 30 September 2017 and 2018 were THB 53.84 and 41.42 million respectively, a decline by THB 12.42 million or 23.08%. This is because the Company repaid some portion of loans with a quite high fixed rate.

Corporate Income Tax

The Company's corporate income tax for the 9-month period ended 30 September 2018 totaled THB 55.63 million. This represents an effective tax rate of 22.99% which is close to its statutory tax rate of 20.00%.

The Company's corporate income tax for the 3-month period ended 30 September 2018 totaled THB 22.20 million. This represents an effective tax rate of 25.99% which is close to its statutory tax rate of 20.00%.

Net Profit

The Company's net profit for the 9-month periods ended 30 September 2017 and 2018 totaled THB 70.41 and 186.33 million consecutively, an increase by THB 115.92 million or 164.62%. Such increase is due mainly to increase in revenue from sale of properties. The Company's net profit margins for the 9-month periods ended 30 September 2017 and 2018 are 5.83% and 12.03% respectively.

The Company's net profit for the 3-month periods ended 30 September 2017 and 2018 totaled THB 17.00 and 63.23 million consecutively, an increase by THB 46.24 million or 272.02%. Such increase is due mainly to increase in revenue from sale of properties. The Company's net profit margins for the 3-month periods ended 30 September 2017 and 2018 are 4.40% and 11.52% respectively.

Financial Position

	For the period ended					
	31 December 2017		30 September 2018		Change	
	Millions of THB	% of Total Assets	Millions of THB	% of Total Assets	Millions of THB	%
Total Assets	5,955.79	100.00%	5,340.37	100.00%	(615.42)	(10.33%)
Total Liabilities	4,195.00	70.44%	3,392.61	63.53%	(802.39)	(19.13%)
Total Shareholders' Equity	1,760.79	29.56%	1,947.76	36.47%	186.97	10.62%

The Company's total assets as of 30 September 2018 declined by THB 615.42 million or 10.33% from that as of 31 December 2017 due mainly to transfer of real estate titles related to Chateau in Town Rama 8 Project and Chateau in Town Charansanitwong 96/2 Project. Their constructions were completed around the end of 2017 and during the 2nd quarter of 2018 respectively.

Total liabilities as of 30 September 2018 declined by THB 802.39 million or 19.13% from that as of 31 December 2017 due mainly to loan repayment and bond repayment in August 2018 by the Company.

Total shareholders' equity as of 30 September 2018 increased by THB 186.97 million or 10.62% from that as of 31 December 2017 due mainly the Company's good financial performance during the 9-month period ended 30 September 2018.

Please be informed accordingly.

Yours truly,

-Mr. Vichien Paetthayanan-

Mr. Vichien Paetthayanan
Chief Executive Officer