

TRITON

No TRITN-SET 014/2020

May 14, 2020

Subject: Management Discussion and Analysis for the first quarter of 2020

To: President

The Stock Exchange of Thailand

Triton Holding Public Company Limited (“Company”) hereby reports the operating results for the first quarter of the year 2020 ended March 31, 2020 as follows:

Unit: Million Baht

List	Q1/2020	Q1/2019	Increase (decrease)	
			Million Baht	%
Total revenues	451.86	184.17	267.69	145.35
Total expenses	441.72	177.48	264.24	148.88
Profit(loss)	9.25	6.34	2.91	45.90
Profit(loss) – the Company	7.92	4.47	3.45	77.18

For the first quarter ended March 31, 2020, the Company generated a net profit of 7.92 million baht, or an increase of 3.45 million baht or 77.18% with total revenue of 451.86 million baht, increased by 267.69 million baht or 145.35% when compared to the same accounting period of last year. This is the revenue from the construction business which has an additional contract of 985 million baht and the revenue from the energy business in this quarter with details as follows:

1. Revenue from construction business

Unit: Million Baht

List	Q1/2020	Q1/2019	Increase (Decrease)	
			Million Baht	%
Revenue from construction business	430.90	177.14	253.76	143.25
Costs of construction services	393.23	133.95	259.28	193.56
Gross profit	37.66	43.19	(5.53)	(12.80)

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List	Q1/2020	Q1/2019	Increase (Decrease)	
			Million Baht	%
Costs of unused construction	4.99	7.81	(2.82)	(36.11)
Financial cost	0.74	0.36	0.38	105.56

The Company generated revenue from construction business of 430.90 million baht for the first quarter ended March 31, 2020, increased by 253.76 million baht or 143.25% when compared to the same as last year 2019 according to reasons below:

- Northern Fuel Pipeline Transportation Project (NFPT) recognized revenue of the project according to the contract in phase 2 including the additional increased work value of 985 million baht which has been signed in January 2020. The gross profit in the same quarter of the year 2019 is higher than in 2020. Due to the first quarter of the year 2019, the Company collected cost of work in phase 1 from the contract parties to compensate for the work which the Company did to keep the construction process as schedule without delay. Therefore, the gross profit margin in last year is higher than in 2020. The Company recognized the cumulative income of the Northern Fuel Pipeline Transportation Project (NFPT) in total of 86.33% of the project value and there is the remaining work value of 658 million baht.
- Train Station and U-turn Overpass Crossing Double-track Railway Project has an additional work of 28 million baht which the Company recognized the cumulative income of the project value in total of 41.88 % and there is the remaining work value of 190 million baht.
- Underground manhole construction and electrical conduit installation project under Chao Phraya river with Metropolitan Electricity Authority (MEA) with a project value of 85 million baht. The Company recognized revenue equal to 35.71 % of the project value and there is the remaining work value of 54 million baht. The Company already ordered the equipment and proceeded to push the pipe through the river.
- According to the Pipe Jacking Construction Contract of Highway No. 304, Pak Kret District - Chaeng Watthana Government Center, the drainage and manholes section is a new work which the Company signed the contract in January 2020 with a project value of 334 million baht. The Company recognized the cumulative income equal to 0.58 percent of the project value and there is the remaining work of 332 million baht.

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The cost of construction is 393.23 million baht which increased by 259.28 million baht when compared to the same accounting period of the year 2019 in line with the increased workload. The costs of unused construction decreased because of an efficient management.

Financial costs increased because the construction business did not have a sufficient cash flow during the waiting period for an additional contract. Therefore, short-term loan from financial institution was used for revolving fund in projects.

2. Energy Business

On February 17, 2020, Triton Power Company Limited acquired ordinary shares of Akkarawat Renewable Energy Power Plant Company Limited (AKW) in Suphan Buri Province, in total of 1.125 million shares, representing 75 % of registered capital with the total of 134.48 million baht. The plant operates the business of electricity generating from biogas with the power capacity of 4.9 MW. At present, it's in a renovation process and expected to start Commercial Operation Date (COD) with Provincial Electricity Authority (PEA) in the forth quarter of the year 2020. The Power Purchase Agreement (PPA) is for 5 years and will be automatically extended for 5 years at a time indefinitely. This power plant located at Sa Krachom Sub-district, Don Chadi District, Suphan Buri Province. According to the acquisition of a biogas power plant business in 2020, the Company acknowledged the difference amount between the consideration transferred and net book value of the net identifiable assets and liabilities from the business acquisition as "Goodwill" for the amount of 20,613,766 baht which presented under "Statements of Financial Position" in the consolidated financial statements for the three-month period ended March 31, 2020.

For the first quarter ended March 31, 2020, the Company recognized revenue from Nongree Biogas Power Plant Company Limited of 13.94 million baht in total and a gross profit 4.59 million baht.

3. Other incomes

Other incomes are 7.03 million baht which represents no difference when compared to the same quarter of the year 2019. Such other incomes were generated from revenue of space rental service and sales of consumable supplies from construction business.

4. Financial status and liquidity

		31.03.20	31.12.19
Debt to Equity Ratio	Times	0.79	0.60
Current Ratio	Times	1.63	1.98
Quick Ratio	Times	1.30	1.20

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Net debt to equity on March 31, 2020 equal to 0.79 times which is higher than on December 31, 2019 equal to 0.60 times because of an increase in construction business and construction debt in biogas power plant renovation of Akkarawat Renewable Energy Power Plant Company Limited (AKW) and increase in debt under Lease Agreement from Financial Reporting Standards.

According to the Company Liquidity on March 31, 2020, the ratio is in a normal range. The Company has high ability to pay debt and a remaining cash of 1,080 million baht.

5. Impact of COVID-19 situation

The current epidemic of COVID-19 is continuously expanding which leads to an economic slowdown and affects businesses and industries. According to the Company, such situation may lead to construction delays and may affect cash flow if the Company's customers are affected by the COVID-19 situation. However, the management of the Group and the Company will continuously monitor situation progress and will regularly assess the financial impact on the value of assets, provisions and contingent debt.

6. Impact of change in financial reporting standards

- The change in accounting of the group of Financial Instruments Standards has been applied in accordance with the relevant transitional provisions set out in TFRS 9 in which the Group and the Company adopted these Financial Instruments Standards by recognizing the cumulative effect of TFRSs as an adjustment to the opening balance of retained earnings and other component of shareholders' equity in the reporting period. Comparative periods have not been restated in accordance with the relevant transitional provisions set out in TFRSs. Differences in carrying amounts of financial assets and financial liabilities resulting from the adoption will be recognized in retained earnings and other components of shareholders' equity as at January 1, 2020.
- The Group and the Company recognized lease liabilities in relation to lease contract which had previously been classified as operating leases under the principles of TAS 17. The right-of-use assets were measured equal to lease liabilities and adjusted by the amount of any prepaid or accrued lease payments related to that lease contract which recognized in the statement of financial position immediately before the date of initial application. These liabilities were measured at the present value of remaining lease payments and discounted with the Group and the Company's incremental borrowing rates. The average lessee's incremental borrowing rate applied to lease liabilities recognized in the statement of financial position on January 1, 2020 is 6.25 % and 6.00 %.

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The details of change are as follows:

Unit: Million Baht

STATEMENTS OF FINANCIAL POSITION	Balance as at January 1, 2020 as under previous TFRSs	Effect from adoption TFRS		Balance as at January 1, 2020 as under new TFRSs
		TFRS 9	TFRS 16	
		Assets		
Temporary investment	8.80	(8.80)	-	-
Other current financial assets	-	8.80	-	8.80
Other long-term investment	-	-	-	-
Other non-current financial assets	-	-	-	-
Property, plant and equipment	562.30	-	(14.31)	547.99
Right-of-use asset	-	-	38.98	38.98
Liabilities				
Finance lease liabilities	14.13	-	24.67	38.80

Please be informed accordingly.

Sincerely yours,

(Mr. Chirdsak Kukiattinun)

Chief Executive Officer