

TRITON

No TRITN-SET 020/2020

August 14, 2020

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

To: President

The Stock Exchange of Thailand

Overview

- **2Q20 Revenue Baht 312.92 million, increased 10.84% from the same period last year**
- **2Q20 Net profit Baht 12.84 million, substantially increased by 204.06% from the same period last year**
- **2Q20 Comprehensive profit Baht 75.05 million, significantly increased from the recognition of profit from the difference between cost and fair value of other current financial assets of Baht 57.64 million**

Unit : THB million

	2Q20	2Q19	Change	
			Amount	%
Revenue	312.92	282.31	30.62	10.84%
Expense	300.75	293.96	6.79	2.31%
Net Profit	12.61	(12.49)	25.11	200.95%
Net Profit(%)	4.03%	-4.43%		
Net Profit - the Company	12.84	(12.34)	25.18	204.06%

In the Second quarter of 2020, Triton Holding and its subsidiaries reported revenue of Baht 312.92 million, up 10.84% or by Baht 30.62 million when compared to the same period last year. The main reason is increasing revenue from the construction business.

For 3-month period, consolidated net profit was Baht 12.84 million, up 204.06% or by Baht 25.18 million when compared to the same period last year and up by 62.14% when compared to the previous quarter. The positive impact resulted mainly from increasing revenue and effective cost control.

TRITON

Unit : THB million

	1H20	1H19	Change	
			Amount	%
Revenue	765.95	466.48	299.48	64.20%
Expense	744.50	471.82	272.69	57.80%
Net Profit	21.86	(6.15)	28.01	455.57%
Net Profit(%)	2.85%	-1.32%		
Net Profit - the Company	20.76	(7.87)	28.63	363.72%

For 6-month period, Triton Holding and its subsidiaries report consolidated revenue of Baht 765.95 million, up 64.20% or by Baht 299.48 million when compared to the same period last year.

For 6-month period, consolidated net profit was Baht 21.86 million, up substantially by 455.57% or by Baht 28.01 million when compared to the same period last year.

In 2Q20, the company recognized profit from the differences between cost and fair value of other current financial assets of Baht 57.64 million in comprehensive income.

To implement its diversification strategy, on March 31, 2020, the company invested in Global Consumer Public Company Limited (“GLOCON”) for 4.94% of the paid-up share capital. Subsequently, during 2Q20, the Company increased investment to 20.01% of total paid-up capital of GLOCON. The Company reclassified such investment from other current financial asset to investment in associated company on June 18, 2020. And, the company recognized profit from the differences between cost and fair value of other current financial assets of Baht 57.64 million in comprehensive income. The company reported comprehensive profit for the period of Baht 75.05 million.

1. Construction Business

Unit : THB million

Construction Business	2Q20	2Q19	Change	
			Amount	%
Revenue	294.08	266.47	27.62	10.36%
Expense	254.80	255.35	(0.56)	-0.22%
Gross margin	39.29	11.11	28.18	253.56%
Margin(%)	13.36%	4.17%		

For 3-month period, Revenue from construction business was Baht 294.08 million, up 10.36% or by Baht 27.62 million from the same period last year. This resulted mainly from revenue recognition of Northern Fuel Pipeline Transportation project, Train terminal project, and a group of U-Turn Overpass crossing railway projects.

TRITON

Oil and gas infrastructure construction generated revenue amounting to Baht 240.13 million in 2Q20.

Remaining backlog was Baht 933 million.

- Northern Fuel Pipeline Transportation Project (87.77% progress)
- Underground Piping Construction and Electrical Conduit Installation Project under Chao Phraya river with Metropolitan Electricity Authority (84.31% progress)
- Pipe Jacking Construction Contract under Highway No. 304, Pak Kret District - Chaeng Watthana Government Center (3.76% progress)

Civil engineering construction generated revenue of Baht 53.95 million. The works consist of the Train Station and U-turn Overpass Crossing over Double-track Railway Projects in the southern part of Thailand. Overall revenue recognition was 59.07%. Remaining backlog amounted to Baht 132 million.

For 3-month period, Construction business generated gross profit of Baht 39.29 million, up 253.56% or by Baht 28.18 million from the same period in 2019. The positive impact resulted mainly from increasing revenue and effective cost control.

Unit : THB million

Construction Business	2H20	2H19	Change	
			Amount	%
Revenue	724.98	443.61	281.38	63.43%
Expense	648.03	389.30	258.73	66.46%
Gross margin	76.95	54.30	22.65	41.71%
Margin(%)	10.61%	12.24%		

For 6-month period, Revenue from construction was Baht 724.98 million, up significantly by 63.43% or by Baht 281.38 million from the same period last year.

For 6-month period, gross profit from construction was Baht 76.95 million, up 41.71% or by Baht 22.65 million from the same period last year while net margin remained at a reasonable level of 10.61%.

2. Power Business

On February 17, 2020, Triton Power Co., Ltd., a subsidiary of the company, acquired 75% of ordinary shares of Akkarawat Renewable Energy Power Plant Company Limited (AKW). The power plant is under Power Purchase Agreement (PPA) with Provincial Electricity Authority (PEA) of 4.9 megawatts. The company expects the new biogas power plant to generate revenue of approximately Baht 100 million per year and to start commercial operation in 4Q20.

TRITON

The Group recognized the different amount between the consideration transferred and net book value of the net identifiable assets and liabilities from the business acquisition as “Goodwill” amounting to Baht 21.28 million which was presented under “Statements of Financial Position” in the consolidated financial statements for the six-month period ended June 30, 2020.

For 3-month period, revenue from Nongree Biogas Power Plant Company Limited was Baht 5.06 million, which lower than expected due to the temporary shortage of Vinasse water (a by-product of the sugar or ethanol industry) for use to generate gas to feed a generator to produce electricity. Furthermore, during 2Q20, one generator (from three generators) was sent for maintenance. However, according to the operation and maintenance agreement, the power plant received compensation of Baht 3.88 million (Baht 1.10 million in 1Q20 and Baht 2.78 million in 2Q20). Moreover, currently, the additional suppliers were engaged to supply additional Vinasse water to the plant. It is expected that electricity sales will be back to normal at the end of 3rd quarter.

3. Other Revenue

For 3-month period, Other revenue was Baht 12.47 million, decreased by 15.17% or by Baht 2.23 million from the same period last year mainly from reduction in revenue from sales of supplies.

4. Financial Position and Statement of Cash Flows

Unit : THB million

Financial Position	As of 30 Jun, 2020	As of 31 Dec, 2019	Change
Total assets	2,642.00	2,550.22	3.60%
Total Liabilities	927.64	948.93	-2.24%
Total Equities	1,714.36	1,601.30	7.06%

Statement of Cash Flows	For 6 month period end June 30 , 2020
Cash Flow from Operation	202.10
Cash Flow from Investment	-348.86
Cash Flow from Financing	27.03
Net Change in Cash	-119.73
Ending Cash	679.78

Financial Ratios	Jun-20	Jun-19
ROE	4.51%	2.50%
ROA	3.37%	2.10%
Net profit margin	4.03%	-4.43%
	Jun-20	Dec-20
DE (time)	0.56	0.60
Current ratio (time)	1.62	1.98

Triton reported higher profitability ratios than the same period last year, primarily due to increasing revenue of construction business and effective cost control. In 2Q20, Return on Equity was 4.51% which increased from

TRITON

2.50% in the same period last year. Return on Asset was improved to 3.37% which increased from 2.10% in the same period last year. The company's net profit margin was 4.03% which significantly increased from (4.43%) in the same period last year. Triton balance sheet was strong with Net Debt / Equity of 0.56x as of end 2Q20. Cash and cash equivalents were Baht 679.78 million at the end of 2Q20.

5. Impact of COVID 19 situation

The widespread of the COVID-19 pandemic situations have severely affected the global economy in almost all industrial groups. Fortunately, the pandemic situations have not severely affected our business. According to the company, such situation has not adversely impacted construction projects. Nevertheless, the Group and the Company's management will continue to monitor the ongoing development and regularly assess the financial impact in respect of valuation of assets, provisions and contingent liabilities.

Yours Faithfully

(Mr. Chirdsak Kukiattinun)

Chief Executive Officer