

TRITON

No TRITN-SET 026/2020

November 16, 2020

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

To: President

The Stock Exchange of Thailand

Overview 3Q20

- Triton Holding achieved revenue of 496.48 million Baht, significantly increased by 51.67% from the same period last year.
- Net profit grew to 47.39 million Baht, substantially increased by 1,416.42% from the same period last year.
- A subsidiary of the company acquired 65% of ordinary shares of Trans Thai Railway Company Limited. The acquisition provided us the solid diversification to Train and Railway systems and construction.

For 3 months period ended September 30th, 2020

Consolidated Profit & Loss of Triton Holding Public Company Limited

Unit: Million Baht

	3Q20	3Q19	Change	%Δ
Revenues	496.48	327.35	169.13	51.67%
Expenses	449.08	324.22	124.86	38.51%
Net Profit	47.39	3.13	44.27	1416.42%
Net Profit(%)	9.55%	0.95%	8.59%	
Net Profit(TTH)	40.11	2.91	37.21	1279.98%

For 3-month period, the company report consolidated revenue of 496.48 million Baht, an increase of 169.13 million Baht or 51.67% compared to the same period of last year.

Consolidated net profit grew to 47.39 million Baht, substantially increased by 44.27 million Baht or 1,416.42% from the same period last year.

The solid performance in the quarter mainly resulted from construction business both from **Horizontal directional drilling engineering construction (HDD)** and **Train and Railway systems and construction** as details below.

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For 9 months period ended September 30th, 2020

Consolidated Profit & Loss of Triton Holding Public Company Limited

Unit: Million Baht

	9M20	9M19	Change	Δ%
Revenues	1,262.43	793.83	468.61	59.03%
Expenses	1,193.17	796.85	396.33	49.74%
Net Profit	69.26	(3.02)	72.28	2390.86%
Net Profit(%)	5.49%	-0.38%	5.87%	
Net Profit(TTH)	60.87	(4.96)	65.84	1326.10%

For 9-month period, the company report consolidated revenue of 1,262.43 million Baht, up 59.03% or by 468.61 million Baht compared to the same period of 2019.

For 9-month period, the company generated a net profit of 69.26 million Baht, an increase of Baht 72.28 million or 2,390.86% compared to the same accounting period of 2019.

For 9-month period, the company recognized comprehensive profit of 128.03 million Baht. Because the company recognized profit from the differences between cost and fair value of other current financial assets of 57.64 million Baht in comprehensive income.

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. 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.

1. Construction Business

Unit : Million Baht

Construction	3Q20	3Q19	Change	%Δ
Revenues	474.85	298.75	176.09	58.94%
Expenses	387.24	280.06	107.18	38.27%
Margin	87.61	18.70	68.91	368.50%
Margin(%)	18.45%	6.26%	12.19%	

For 3-month period, Construction business has generated solid revenues of 474.85 million Baht, an increase of 176.09 million Baht or 58.94% compared to the same accounting period of 2019. Construction business generated gross margin of 87.61 million Baht, an increase of Baht 68.91 million or 368.50% compared to the same accounting period of 2019. This resulted mainly from revenue recognition of Horizontal directional drilling projects, Train terminal project, a group of U-Turn Overpass crossing railway projects, and the additional revenue from Train and Railway systems and construction projects.

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Oil and gas infrastructure construction generated revenue of Baht 336.78 million in 3Q20. At the end of third quarter, the company had recognized revenue amounting to 85.84% of the total project value with the remaining project backlog of 766.70 million Baht.

- Oil and gas infrastructure construction to northern area Project (94.30% progress)
- Underground Piping Construction and Electrical Conduit Installation Project under Chao Phraya river with Metropolitan Electricity Authority (93.59% progress)
- Pipe Jacking Construction Contract under Highway No. 304, Pak Kret District - Chaeng Watthana Government Center (5.63% progress)
- Oil and gas infrastructure construction to north east area Project (4.65% progress)

Civil engineering construction generated revenue of 50.65 million Baht in 3Q20. The construction works consist of the Train Station and U-turn Overpass Crossing over Double-track Railway Projects in the southern part of Thailand. The company had recognized revenue from Civil engineering construction project amounting to 74.73% of the total project value with the remaining project backlog of 81.78 million Baht.

Train and Railway systems and construction On July 1, 2020, Triton Engineering and Construction Company Limited, a subsidiary of the company, acquired 65% of ordinary shares of Trans Thai Railway Company Limited (TTR). Train and Railway systems and construction generated revenue of 87.42 million Baht in 3Q20. At the end of the third quarter, TTR had recognized revenue amounting to 58.75% of the total project value with the remaining project backlog of 218.75 million Baht.

Unit : Million Baht

Construction	9M20	9M19	Change	Δ%
Revenues	1,199.83	742.36	457.47	61.62%
Expenses	1,035.27	669.36	365.91	54.67%
Gross profit	164.56	73.00	91.56	125.42%
Margin(%)	13.72%	9.83%	3.88%	

For 9-month period, Construction business generated solid revenue of 1,199.83 million Baht, an increase of 457.47 million Baht or 61.62% compared to the same accounting period of 2019. Construction business generated gross margin of 164.56 million Baht, an increase of Baht 91.56 million or 125.42% compared to the same accounting period of 2019. This resulted mainly from revenue recognition of Oil and gas infrastructure construction projects, Train terminal project, a group of U-Turn Overpass crossing railway projects, and Train and Railway systems and construction projects from a new subsidiary.

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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. At the end of September 2020, the overall construction progress of AKW was about 68.80% of total construction works. The company expects the new biogas power plant to generate revenue of approximately 100 million Baht per year and to start commercial operation in late 4Q20.

For 3-month period, Power business generated revenue of 7.49 million Baht, and negative gross profit of (3.68) million Baht, 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. However, according to the operation and maintenance agreement, the power plant received compensation of 2.71 million Baht. 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 4th quarter.

3. Other Revenues

For 3-month period, Other revenues were 13.22 million Baht, slightly increased by 4.67% or by 0.59 million Baht from the same period last year mainly from revenues from selling of unused assets and machine & equipment rental income.

4. Financial Position and Statement of Cash Flows

Unit : Million Baht

Balance sheet	As of Sept 30,2020	As of Dec 31, 2019	Δ %
Total Assets	3,059.22	2,550.22	19.96%
Total Liabilities	1,290.66	948.93	36.01%
Total Equities	1,768.56	1,601.30	10.45%

Cash Flow (Million Baht)	For 9 months period end September 30, 2020
Cash Flow from Operation	150.19
Cash Flow from Investment	-424.70
Cash Flow from Financing	85.13
Net Change in Cash	-189.38
Ending Cash	610.13

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Financial Ratios	Sep-20	Sep-19
ROE	6.07%	3.28%
ROA	3.73%	2.13%
Net Profit margin (Q1-Q3/20)	5.49%	-0.38%
Net Profit margin (Q3/20)	9.55%	0.95%
	Sep-20	Dec-20
D/E (time)	0.76	0.60
Current ratio (time)	1.30	1.98

Triton reported higher profitability ratios than the same period last year, primarily due to increasing revenue of construction business with effective cost control. In 3Q20, Return on Equity was 6.07% which increased from 3.28% in the same period last year. Return on Asset was improved to 3.73% which increased from 2.13% in the same period last year. The company's net profit margin was 5.49% which significantly increased from (0.38%) in the same period last year. At the end of 3Q20, the company balance sheet was in strong position with Net Debt / Equity of 0.76x. Cash and cash equivalents were Baht 610.13 million at the end of 3Q20.

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.

Faithfully yours,

(Mr. Chirdsak Kukiattinun)

Chief Executive Officer