

Management Discussion and Analysis (“MD&A”)
The 1st Quarter of 2017 Operating Performance
of TRC Construction Public Company Limited and Its Subsidiaries

(Unit : Million Baht)

	the 1 st Qtr 2017	the 1 st Qtr 2016	Change (the 1 st Qtr 2016 - the 1 st Qtr 2015)	
			Amount	Percentage
Construction service income	952.14	1,104.34	-152.20	-13.78
Cost of construction services	-856.15	-935.34	-79.19	-8.47
Gross profit	95.99	169.00	-73.01	-43.20
Interest and other income	2.05	8.16	-6.11	-74.87
Administrative expenses	-126.85	-83.41	43.44	52.08
Profit (loss) before share of loss from investments in associate, finance cost and income tax expenses	-28.81	93.75	-122.56	-130.73
Share of loss from investments in associate	-10.25	-4.95	5.30	106.99
Finance cost	-3.68	-2.52	1.16	45.92
Income tax income (expenses)	1.74	-23.03	-24.77	-107.56
Profit (loss) for the period	-41.00	63.25	-104.25	-164.82
Non-controlling interests of the subsidiaries	0.56	2.84	-2.28	-80.25
Profit (loss) attribute to equity holders of the Company	-40.44	66.09	-106.53	-161.19
Earnings per Share (Baht)	-0.0069	0.0113		
Gross Profit Margin	10.08%	15.30%		
Net Profit (loss) Margin	-4.24%	5.94%		
Debt to Equity (Time)	0.86	1.03		

The 1st Quarter of 2017 Operating Performance Summary

1. Construction services income recorded at Baht 952.14 million decreasing Baht 152.20 million from the same period of last year or representing a 13.78% increase. Most revenue was recognized from carried forward project on hand of TRC from on hand previous year such as the 1st Transmission Pipeline Life Extension Project 28” Recoating Section from PTT Plc. and projects of Sahakarn Wisavakorn Co., Ltd. consisting of the Construction, Improvement and Expansion of Waterworks, Koh Samui Branch, Surat Thani Province from Provincial Waterworks Authority and Srinakarin to Romkloa Road, Phase 1 Project from Bangkok Metropolitan Administration and other State Enterprises (Metropolitan Electricity, Authority Metropolitan Waterworks Authority etc.). Construction services income decreasing from the same period of last year because in the last year several project delivered to customers and new projects received in period which initial project.

2. Gross profit was Baht 95.99 million decreasing Baht 73.01 million. Gross Profit Margin was 10.08%, decreasing from the same period of last year which was at 15.30%. Most of the projects on hand are an engineering system and civil works which average gross profit margin not so high.

3. Administrative expenses and finance cost recorded at Baht 126.85 million and Baht 3.68 million, respectively. Administrative expenses increased Baht 43.44 million or 52.08% due to loss of exchange foreign currency rate from the adjustment of assets as at end of quarter. Some of loss of exchange was unrealized loss. Finance cost increased Baht 1.16 million or 45.92% due to interest expenses from short-term loan and debentures. TRC issued debentures with 2-year term for using as working capital in July 2015 and March 2016 in the amount of Baht 100 million and Baht 200 million, respectively.

4. Share of loss from investments in associate was Baht 10.25 million due to the loss recognition by equity method from operating loss of ASEAN Potash Chaiyaphum Public Company Limited (“APOT”). At present, APOT is during processing of its Potash mining construction in Chaiyaphum Province.

5. Loss attribute to equity holders of the Company was Baht 40.44 million. While the net profit of the same period of last year was Baht 66.09 million. The net profit (loss) margin was -4.24 and 5.94% respectively.

Backlog on Hand

As at 31 March 2017, the Company and its subsidiaries had projects on hand with the remaining uncompleted works as follows:

	Number of the Projects	Uncompleted Work value (Million Baht)
TRC Construction Public Company Limited	4*	4,283.75
Sahakarn Wisavakorn Co., Ltd.	5	1,667.72
Total	9	5,951.47

*Backlog on hand included Early Works I and II (Total work value: Baht 3,022.08 million and uncompleted work value as at end of the 1st quarter 2017: Baht 2,675.36 million) from Turnkey Delivery of APOT Project Package 2. Surface Processing and Facilities from APOT. However, it excluded the remaining project work value approximately of Baht 31,183.12 million because the EPCC Contract is still not signed. (TRC obtained a Letter of Award from APOT in February 2016.)

Significant Events during the 1st Quarter of 2017 - Present

- **New Projects**

Project Awarded during the 1st Quarter of 2017

TRC

1. The Natural Gas Transmission Pipeline connecting line to NGV Station, the Land Transport Association of Thailand (Nam Phong) from PTT Public Company Limited, project’s work value of Baht 58.14 million with 353 days construction period
2. Letter of Limited Notice to Proceed II for Surface Processing and Facilities from APOT, project’s work value of Baht 2,310.72 million with 7-month construction period

Sahakarn Wisavakorn:

1. The Kanlapaphruek Road Extension from Department of Highways (Ministry of Transport), Metropolitan Electricity Authority and Metropolitan Waterworks Authority, project's work value of Baht 849.72 million with 900 days construction period
2. Earthworks and Gabion Wall from Amata Natural Gas Distribution Co., Ltd., project's work value of Baht 8.19 million with 7-month construction period

Project Awarded after the 1st Quarter of 2017

TRC: On 7 April 2017, TRC obtained a Letter of Intent informing that TRC has been selected as the successful bidder for the construction of Revamp LPG Transfer Pump to Domestic BRP of PTT Public Company Limited. The project's work value is approximately of Baht 208.50 million with 17-month construction period

Sahakarn Wisavakorn: On 2 May 2017, Sahakarn Wisavakorn obtained a Letter of Intent informing that Sahakarn Wisavakorn has been selected as the successful bidder for the Improvement Nature Trail into National Park Office Hat-Khanom-Mu-Ko-Thale-Tai phase Ao Thong Yang - Ao Thong Yee of Nakhonsithammarat Province. The project's work value is approximately of Baht 98.12 million with 8-month construction period

Cash / Stock Dividend for the 2017 Performance

The Company is going to pay dividend for the 2016 performance on 26 May 2017. The date to determine the names of shareholders who have rights to receive dividend (Record Date) was on 9 May 2017.

1. Stock dividend: up to new 733,712,250 ordinary shares with a par value of Baht 0.125 per share at the ratio of 7 existing shares per 1 new share or equivalent to the dividend at the rate of Baht 0.0178571 per share.
2. Cash dividend: at the rate of Baht 0.004 per share or up to Baht 20.54 million.



(Mr. Pasit Leesakul)

Director and Chief Executive Officer

11 May 2017