



Ref : CHEWA 62-03/01

15 May 2019

Subject Management Discussion and Analysis for the Quarter 1/2019

To Managing Director

The Stock Exchange of Thailand

Chewathai Public Company Limited would like to clarify the company and its subsidiaries' operating performance for the Quarter 1/2019 as follows

**Performance for the three-month ending 31<sup>th</sup> March, 2019**

(Unit : million baht)

Statement of comprehensive income	Consolidated financial statements			
	Q1/2019	Q1/2018	Increase (Decrease)	%
<b>Revenues</b>				
Revenue from sales of real estate	332.82	562.38	(229.56)	(40.82)
Rental and service income from factory	4.66	5.08	(0.42)	(8.27)
Other income	4.44	3.86	0.58	15.03
<b>Total Revenues</b>	<b>341.92</b>	<b>571.32</b>	<b>(229.40)</b>	<b>(40.15)</b>
<b>Expenses</b>				
Cost of real estate sold	241.37	389.79	(148.42)	(38.08)
Cost of Rental and service from factory	3.22	2.66	0.57	21.30
Selling expenses	44.33	53.37	(9.05)	(16.95)
Administrative expenses	38.08	43.79	(5.71)	(13.04)
<b>Total Expenses</b>	<b>327.00</b>	<b>489.61</b>	<b>(162.61)</b>	<b>(33.21)</b>
<b>Profit before share of profit (loss) from investments in joint venture and associate, finance costs and income tax</b>	<b>14.92</b>	<b>81.71</b>	<b>(66.79)</b>	<b>(81.74)</b>
Share of profit (loss) from investment in joint venture	1.92	(0.40)	2.32	580.00
Share of loss from investments in associates	(0.43)	0.00	(0.43)	(100.00)
<b>Profit before finance costs and income tax</b>	<b>16.41</b>	<b>81.31</b>	<b>(64.90)</b>	<b>(79.82)</b>
Finance costs	8.52	8.84	(0.32)	(3.62)
<b>Profit (loss) before income tax</b>	<b>7.89</b>	<b>72.47</b>	<b>(64.58)</b>	<b>(89.11)</b>
Income tax expenses	1.10	15.23	(14.13)	(92.78)
<b>Profit (loss) for the period</b>	<b>6.79</b>	<b>57.24</b>	<b>(50.45)</b>	<b>(88.14)</b>
<b>Gross profit %</b>	27.52%	30.84%		
<b>Gross Profit Margin from sales of real estate (%)</b>	27.48%	30.69%		
<b>Net profit %</b>	1.99%	10.02%		



The Company has adopted the new Thai Financial Reporting Standards (TFRS) no. 15 in regard to the Revenue from Contracts with Customers ("TFRS 15") from 1 January 2019. The adoption of TFRS 15 mainly affects the Company's accounting treatment on the revenue recognition from sales and the incremental costs recognition of obtaining the contract with a customer. Resulting in a decrease in revenue from real estate sales and an increase in cost of sale and effect to lower gross margin (Reference to Notes to interim financial statements No.2)

### **Total Revenue**

For the Quarter 1/2019, the Company and its subsidiaries had total revenue of 341.92 million baht, Which has the revenue was from sales of real estate of 332.82 million baht compared to the same period of previous year a decrease of 229.40 million baht or 40.15% due to the decrease in backlog, compared to the previous year with the backlog from the high-rise project quite high. For the Quarter 1/2019, There is a project completed and able to transferred is Chewahome Wongwan Lumlukka which is the company's first townhome project, with a project value of over 700 million baht and started presales at the end of 2018. The company continues to recognize revenue for the previous projects continuously. The main recognition of the revenue from the high-rise project by Chewathai Petchkasem 27.

However, the Company focusing to develop housing project and will continue to develop to increase more potential in certain recognition of revenue as this will result in continued net profit growth correspondingly.

### **Cost of Goods Sold and Gross Profit**

For the Quarter 1/2019, the Company recorded the cost of sales of 241.37 million baht and the gross profit margin from sales of real estate is 27.48% compared from the same period of previous year rates are decreased by 3 percent, how the partly due to the impact of Financial Reporting Standard No. 15 ("TFRS 15").

### **Selling & Administrative Expenses**

For the Quarter 1/2019, the Company recorded the total selling and administrative expenses of 82.41 million baht or 24.10% of total revenue, decreased from the previous year of 14.75 million baht or 15.18%. This was mainly due to the decrease in transfer expenses which was the result from the decrease of Real estate sales revenue. And increase in the marketing and public relations expenses which is in line with the new projects that more launch projects.



## Net profit

For the Quarter 1/2019, the Company recorded the net profit of 6.79 million baht or net profit as 1.99% , a decrease of 50.45 million baht from the previous year or 88.14%. The affected by the decrease in revenue from real estate sales.

## Financial Position as at 31 March 2019 and 31 December 2018

(Unit : million baht)

Financial Position	31 Mar 2019	31 Dec 2018	Increase (Decrease)	%
Total asset	5,316.21	4,465.39	850.82	19.05
Total Liability	3,467.71	2,623.80	843.91	32.16
Shareholders'equity	1,848.49	1,841.59	6.90	0.37

Total assets as at 31<sup>th</sup> March 2019 is 5,316.21 million baht, an increase of 850.82 million baht or 19.05% from the previous year. The main factor is from the increase of cost of land and real estate development in amount of 1,033.84 million baht, which increased to new projects under development.

Total liabilities as at 31<sup>th</sup> March 2019 is 3,467.71 million baht, an increase of 843.91 million baht or 32.16% from the previous year. Due to the Company has issued debentures of 486 million baht for the capital to future development of the projects.

The shareholders' equity as at 31<sup>th</sup> March 2019 is 1,848.49 million baht, an increase of 6.90 million baht or 0.37% from the previous year, an increase from the operating result of the Company of 6.79 million baht.

As a result, the Company's debt to equity ratio as of 31<sup>th</sup> March 2019 is equal to 1.88:1 time.

## Future Project

Currently, the Company has 13 projects under construction divided into 5 Condominium projects and 8 Housing projects, which expect will be completed and recognized in 2019, was 8 projects, namely Chewahome Wongwan Lumlukka , Chewawan Pinklao-Sathorn, Chewahome Suksawat Pracha Uthit, Hallmark Charan 13, Chewarom Nakorn-In, Pathum Thani Townhome. And a joint venture under Chewa Heart for 2 projects are the Heart Sukhumvit 62/1 , Heart Sukhumvit 36.

Please be informed accordingly

Sincerely Yours,

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(Mr. Boon Choon Kiat)

Managing director