

1.Executive Summary

Sahakol's continues its operation in 3 mining projects, Mae Moh 7, Mae Moh 8 and Hongsa. For Q1/2019 the company has achieved significant profit growth to 92 million baht which chiefly stemmed from (1) significant profit growth of Mae Moh 7 project by 95 million baht from Q4/2018 net profit loss of 100 million baht due to improved working performance to normal condition, decrease in depreciation cost and decrease in electricity cost (2) the increase in utilization rate of Mae Moh 8 conveyor system, from 70-75% in Q4/2018 to 85-90% in Q1/2019 (3) similar operation performance but decrease in gross profit realization in Hongsa project due to decrease in working hour from the contractor's conveyor maintenance activity. Furthermore, in accordance to company's growth strategy, Sahakol has won the bid for Operation and Maintenance Services of Waste Line 2 System and Operation and Maintenance Services for Ash Conveyor System in Lao People's Democratic Republic worth 2,235 million baht which revenue will be realized in 2020.

For the three months' Financial position of Q1/2019 compared with Q4/2018, Sahakol has net profit of 92 million baht compared to Q4/2018 net profit of 11 million baht. The significant profit growth was primarily from (1) profit growth of Mae Moh 7 by 95 million baht due to improved work performance as conditions returned to normal compared to Q4/2018, along with a decrease in depreciation and electricity costs; resulting in net profit loss of 100 million baht; (2) increase in production of Mae Moh 8 conveyor system compared to Q4/2018 (3) on target operating performance of Hongsa Project.

For the three months' Financial position of Q1/2019 compared with Q1/2018, the company had increase in net profit compared to Q1/2018 net loss of 39 million baht. This primary resulted from the increase in Mae Moh 8 project revenue from 836 million baht in Q1/2018 to 1,246 million baht in Q1/2019. This was from the utilization of the conveyor system in 2019.

To achieve optimal performance for fiscal year 2019, Sahakol aims to maintain operation performance in Mae Moh 7 and Hongsa Project as well as increasing the utilization rate of Mae Moh 8 conveyor system. In parallel, the company will proceed in preparation for Operation and Maintenance Services of Waste Line 2 System and Operation and Maintenance Services for Ash Conveyor System Project. Sahakol is confident that external factors, such as, political instability and world economic condition, will not have an impact to our operation and financial performance, as our revenue are fixed to predetermined contract in which the contractor's budget is secured and our equipment are fully acquired at site.

2. Financial Performance

Unit : M THB	Q4/2018	Q1/2019	Q1/2018	% Gain (Loss) QoQ	% Gain (Loss) YoY
Total Revenues	1,181	1,246	837	6%	49%
Cost of Services (Include Depreciation ¹)	987	976	765	(1%)	28%
¹ Depreciation	295	291	217	(1%)	34%
Gross Profit (After Depreciation)	194	271	71	40%	279%
Net Profit	11	92	(39)	760%	340%
EBITDA margin (%)	35%	39%	27%	4%	13%
Gross Profit Margin (%)	16%	22%	9%	5%	13%
Net Profit Margin (%)	1%	7%	(5%)	6%	12%

Financial position for first quarter 2019 compared with fourth quarter 2018 (QoQ)

In Q1/2019 Sahakol has revenue of 1,246 million baht, which increased by 66 million baht or 6%, when compared with Q4/2018. The increase was primarily due to:

- Increase in working efficiency and operating hours in Mae Moh 7 project after relocation and site preparation activities in Q3/2018 and Q4/2018
- Sustainment of Hongsa operating performance
- Increase in production of Mae Moh 8 conveyor system to 85-90% compared to Q4/2018 of 70-75%

On the other hand, cost of services also decrease slightly primarily from:

- Decrease in fuel cost by 23 million baht from increase in utilization of Mae Moh 8 conveyor system
- Increase in depreciation and financial cost of 3 million baht and 4 million baht respectively

As a result, Sahakol has Q1/2019 net profit of 92 million baht, a significant increase compared to Q4/2018 net profit of 11 million baht.

Financial position for first quarter 2019 compared with first quarter 2018 (YoY)

When compared revenue for Q1/2019 of 1,246 million baht with the same period last year, Sahakol had an increase in revenue by 410 million baht or 49%. The primary reason was due to an increase in production from Mae Moh 8 conveyor system.

However, fixed costs also increased primarily from:

- Increase in financial cost of 65 million baht from Mae Moh 8 project long term loan

- Increase in depreciation cost of 74 million baht from Mae Moh 8 project, which has been fully realized in this quarter

As a result, Sahakol has a Q1/2019 net profit of 92 million baht, a significant increase compared to Q1/2018 net loss of 39 million baht.

3.Operation Result by Project

Unit : M THB	Q4/2018	Q1/2019	Q1/2018	% Gain (Loss) QoQ	% Gain (Loss) YoY
Mae Moh 7					
Total Revenues	188	261	267	39%	(2%)
Cost of Services (Include Depreciation ¹)	288	267	226	(7%)	18%
¹ Depreciation	75	62	69	(17%)	(10%)
Gross Profit (After Depreciation)	(100)	(5)	40	95%	(113%)
Gross Profit Margin (%)	(53%)	(2%)	15%	51%	(17%)
Hongsa					
Total Revenues	346	297	273	(14%)	9%
Cost of Services (Include Depreciation ¹)	216	201	197	(7%)	2%
¹ Depreciation	56	57	50	1%	14%
Gross Profit (After Depreciation)	130	96	77	(26%)	26%
Gross Profit Margin (%)	38%	32%	28%	(5%)	4%
Mae Moh 8					
Total Revenues	608	673	287	11%	134%
Cost of Services (Include Depreciation ¹)	482	507	343	5%	48%
¹ Depreciation	162	170	97	5%	75%
Gross Profit (After Depreciation)	126	166	(55)	32%	400%
Gross Profit Margin (%)	21%	25%	(19%)	4%	44%

Mae Moh 7

For Q1/2019, Mae Moh 7 project reported gross profit loss of 5 million baht, a significant improvement when compared to Q4/2018 gross profit loss of 100 million baht. However, operating costs of the project remains high relative to other projects due to aging equipment (plan project to finish in 2020). Depreciation cost for the project decreased by 12 million baht from the previous quarter as some project asset had been fully depreciated. We expect fixed costs for Mae Moh 7 project to decrease throughout future periods until project ends.

When compared Q1/2019 to Q1/2018, Mae Moh 7 project reported gross profit loss of 5 million baht, from gross profit of 40 million baht in Q1/2018. This primarily resulted from higher operating cost, especially

maintenance cost of aging equipment, compared to that of last year. However, Sahakol will take all initiatives to maintain and optimize Mae Moh 7 operating costs until project end.

Hongsa

For Q1/2019, Hongsa project reported gross profit of 96 million baht, a decrease of 34 million baht or when compared to gross profit of 130 million baht in Q4/2018. This primarily resulted from decrease in Hongsa operating hours due to maintenance activity of the contractor's conveyor system; however, Sahakol's operational performance remains strong.

When compared Q1/2019 to Q1/2018, Hongsa project reported gross profit increase of 20 million baht or 26%, from gross profit of 77 million baht in Q1/2018. This primarily resulted from increase in revenue from deployment of new equipment in Q3/2018 according to the new contract. Sahakol expects to maintain the high performance and profit margin from Hongsa throughout fiscal year 2019.

Mae Moh 8

For Q1/2019, Mae Moh 8 project reported gross profit of 166 million baht, an increase of 40 million baht or 32% when compared to gross profit of 126 million baht in Q4/2018. This is primarily due the increase in revenue of 65 million baht or 11% from the increase in utilization of the main conveyor system from 70-75% in Q4/2018 to 85-90% in Q1/2019. Consequentially, gross profit margin increase from 21% in Q4/2018 to 25% in Q1/2019 and is expected to increase further throughout the rest of fiscal year 2019 once utilization reaches near 100%.

When compared Q1/2019 to Q1/2018, Mae Moh 8 project reported gross profit increase of 222 million baht, from gross profit loss of 55 million baht in Q1/2018. This primarily resulted from increase in revenue of 386 million baht or 134% mainly from the utilization of the main conveyor system, which was in the commissioning phase last year.

4. Summary of Financial Position

Balance Sheet Position

Total assets as of 31 March 2019 were 11,713.7 million baht, decreased by 273.1 million baht or 2.3% from those as of 31 December 2018. Total current assets stood at 2,144.2 million baht, decreased by 159.5 million baht. Total non-current assets as of 31 March 2019 were 9,569.5 million baht, decreased by 113.6 million baht from depreciation of equipment.

Total liabilities as of 31 March 2019 were 9,455.3 million baht, decreased by 365.4 million baht or 3.7%. Total current liabilities stood by 4,085 million baht, decreased by 129.6 million baht compared to 31 December 2018. Total non-current liabilities were 5,370.3 million baht, decreased by 235.9 million baht compared to 31 December 2018. The main factors for the decrement were the paid up of short and long term debt from operating cash flow.

Shareholder's equity as of 31 March 2019 amounted to 2,258.4 million baht, an increase by 92.3 million baht or 4.3% which resulted from operating profit in Q1/2019.

Statement of Cash Flows

As of 31 March 2019, cash and cash equivalents stood at 201.5 million baht, decreased by 121.9 million baht or 37.7% from that ended in 31 December 2018 which had cash and cash equivalents amounted to 323.4 million baht.

Cash flows from operating activities was 196.3 million baht from operating profit.

Cash flows from investing activities was (93.3) million baht, mainly due to asset acquisition for Mae Moh 8 project.

Cash flows from financing activities was (225) million baht, mainly from paid up of short and long term debt for Mae Moh 8 and Hongsa Project.

As of 31 March 2019, Sahakol maintains its robust cash flow position to support operations, minimize debt and support future project developments.

Financial Cost

Financial cost for Q1/2019 and Q1/2018 were 101.7 million baht and 36.7 million baht respectively, a 177.4% increase. The main contributing factors are the long term loan drawdown for Mae Moh 8 at credit line together with the Hire Purchase interest cost, which increased from previous year.

5. Key Financial Ratios

Profitability Performance	2018	Q1/2019
Gross Profit (After Depreciation) (Percent)	3.41	21.30
EBITDA (Percent)	25.33	39.30
EBIT (Percent)	-3.71	15.24
Net (Loss) Profit (Percent)	-7.85	7.41

Company Performance	2018	Q1/2019*
Return on Assets (Percent)	-2.56	-1.30
Return on Fix Assets (Percent)	5.86	10.10
Return on Equity (Percent)	-12.00	-6.95

Debt Performance	2018	Q1/2019
Debt to Equity ratio (times)	4.53x	4.19x
Interest Bearing Debt to Equity ratio (times)	3.68x	3.43x

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*Key financial ratios as of 31 March 2019 was calculated based on last 12 months annualized.

6. Future Company Outlook

In FY2019, the company will focus in optimizing production and ensuring sustainable growth by:

1. Increasing the utilization of Mae Moh 8 conveyor system from 85-90% utilization in Q1/2019 to full capacity
2. Maintaining operating performance in Mae Moh 7 and Hongsa Project
3. Preparing for Operation and Maintenance Services of Waste Line 2 System and Operation and Maintenance Services for Ash Conveyor System Project to ensure optimal project transition.