

T.K.S. Technologies Public Company Limited

Management Discussion and Analysis

Operating Results for the period as at 30 Sep 2018

Business Overview

3Q18 and 9M18 Performance

T.K.S. Technologies Public Company Limited (“Company”) reported total revenues growth of 60% y-y in 3Q18 or THB 226 mil., primarily due to business combination consolidated Thai British Security Printing Public Company Limited (“TBSP”) since April 4, 2018. Excluding TBSP, Company’s core revenues decreased by 10% y-y in 3Q18, mainly caused by lower Office Paper and Warehouse Management businesses.

For 9M18, Company reported revenue growth of 46% y-y or THB 474 million, driven primarily by business combination. Excluding TBSP, Company’s core revenues dropped by 7% or THB 68 mil. primarily by lower Office Paper and Warehouse Management businesses as same reason.

Revenue Breakdown

<i>THB million</i>	3Q18	3Q17	%Chg
As Reported			
Total Revenues	604	378	60%
<i>Company</i>	339	378	(10%)
<i>TBSP</i>	265	-	100%

Revenue Breakdown

<i>THB million</i>	9M18	9M17	%Chg
As Reported			
Total Revenues	1,505	1,031	46%
<i>Company</i>	963	1,031	(7%)
<i>TBSP</i>	542	-	100%

%Gross Profit Margin

Company reported %Gross Profit Margin of 21% in 3Q18, while showed of 22% in the same period of 2017. Excluding TBSP of 16% GP, Company’s %GP represented at 24%, 2% growth primary by higher Gross Profit of Security business in 3Q18.

For 9M18, Company showed %GP at 22%, while 9M17 represented at 24%. Excluding TBSP of 17% GP, Company’s core %GP achieved at 25%, increased by 1%, primarily due to incremental of Gross Profit of Security business in 9M18 when compared with the same period of last year.


%Gross Profit Margin

<i>% GP</i>	<u>3Q18</u>	<u>3Q17</u>
<u>As Reported</u>		
Total GP	21%	22%
<i>Company</i>	24%	22%
<i>TBSP</i>	16%	-

<i>% GP</i>	<u>9M18</u>	<u>9M17</u>
<u>As Reported</u>		
Total GP	22%	24%
<i>Company</i>	25%	24%
<i>TBSP</i>	17%	-

Net Profit

Company reported net profit amount of THB 71 million in 3Q18, decreased by THB 18 mil. or 20% drop y-y in 3Q18, primarily due to decremental in Share of Profit of associate company and subsidiary company when compared with the same period of last year.

For 9M18, Company represented net profit of THB 458 million, a 82% growth from 9M17. Excluding the non-recurring items, Company delivered net profit THB 267 mil. or growth of 6% y-y as well as regarding to higher Share of Profit of associates contribution.

Net Profit

<i>THB million</i>	<u>3Q18</u>	<u>3Q17</u>	<u>%Chg</u>
<u>As Reported</u>			
Total NP	71	89	(20%)
<i>Company</i>	72	89	(19%)
<i>TBSP</i>	(1)	-	(100%)
<i>THB million</i>	<u>9M18</u>	<u>9M17</u>	<u>%Chg</u>
<u>As Reported</u>			
Total NP	458	252	82%
<i>Company</i>	267	252	6%
<i>TBSP</i>	1	-	100%
<i>One-time gain *</i>	214	-	100%
<i>One-time loss ^{A)}</i>	(24)	-	(100%)

* One-time gain on remeasuring on fair value of the Company's previously held interests of 19.89% in TBSP before business combination of THB 214 m as complied with Thai Generally Accepted Accounting Principles (Thai GAAP).

^{A)} One-time loss on impairment assets in 51% held on joint venture company regarding to Thai Generally Accepted Accounting Principles (Thai GAAP).