

T.K.S. Technologies Public Company Limited

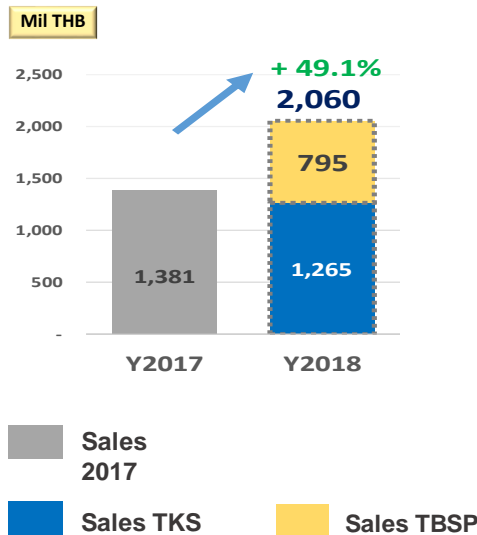
Management Discussion and Analysis

Operating Results for the period year ended 31 December 2018

Business Overview

Year 2018 Performance

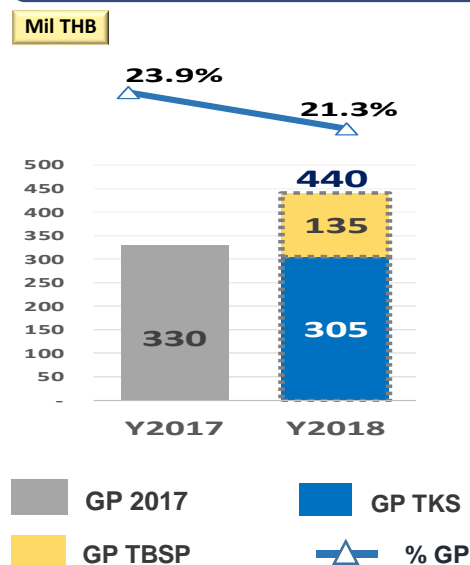
T.K.S. Technologies Public Company Limited (“Company”) reported total revenues growth of 49.1% y- y 2018 or THB 678.5 mil., primarily due to business combination consolidated Thai British Security Printing Public Company Limited (“TBSP”) since April 4, 2018. Excluding TBSP, Company’s core revenues decreased by 8.4% y-y 2018, mainly caused by lower Business Form for Banking and Office Paper businesses.



Revenue Breakdown

THB million	Y18	Y17	%Chg
As Reported			
Total Revenues	2,060	1,381	49.1%
<i>Company</i>	<i>1,265</i>	<i>1,381</i>	<i>(8.4%)</i>
<i>TBSP</i>	<i>795</i>	<i>-</i>	<i>100%</i>

%Gross Profit Margin

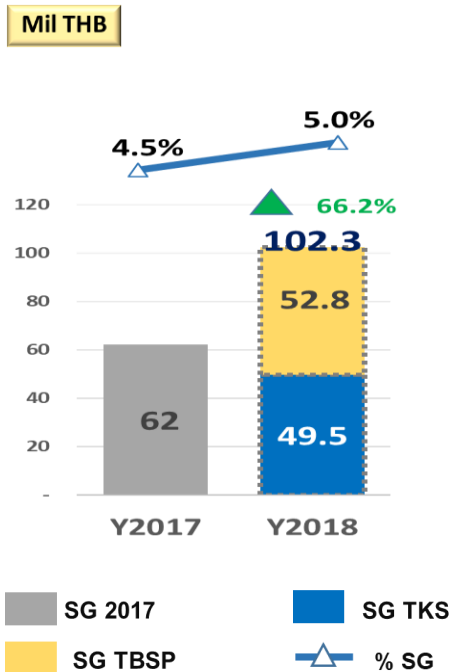


% GP	Y18	Y17
As Reported		
Total GP	21.3%	23.9%
<i>Company</i>	<i>24.1%</i>	<i>23.9%</i>
<i>TBSP</i>	<i>16.9%</i>	<i>-</i>

Company reported %Gross Profit Margin for year 2018 of 21.3%, while showed of 23.9% in the same period of 2017. Excluding TBSP of 16.9% GP, Company’s %GP represented at 24.1%, slightly growth primary by higher Gross Profit of Digital Print & Mail business.



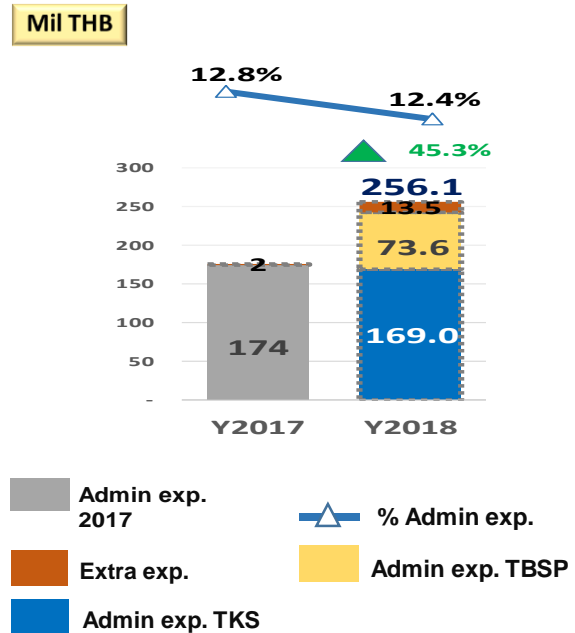
Selling Expenses



THB million	Y18	Y17	%Chg
As Reported (% to Sales)			
Total Selling Exp.	102(5.0%)	62(4.5%)	66.2%
Company	49(3.9%)	62(4.5%)	(19.2%)
TBSP	53(6.6%)	-	100%

Company reported Selling expenses for year 2018 of THB 102 mil. (5%), while showed of THB 62 mil. (4.5%) in the same period of 2017. Excluding TBSP THB 53 mil. (6.6%), Company's Selling expenses represented at THB 49 mil. (3.9%), 19.2% decremental primary by lower logistic expenses based on sales shortfall as above mentioned.

Administrative Expenses

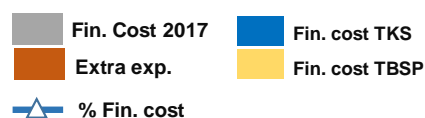
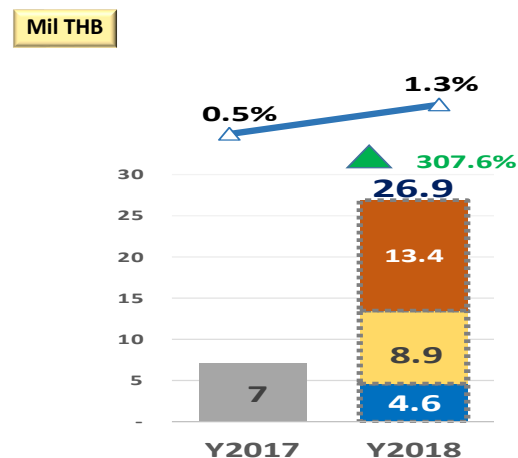


THB million	Y18	Y17	%Chg
As Reported (% to Sales)			
Total Admin Exp.	256(12.4%)	176(12.8%)	45.3%
TKS	169(13.4%)	174(12.6%)	(3.1%)
One-off Extra exp.	14(1%)	2(0.1%)	654%
Company	183(14.4%)	176(12.8%)	3.6%
TBSP	73(9.2%)	-	100%

Company reported Administrative expenses for year 2018 of THB 256 mil. (12.4%), while showed of THB 176 mil. (12.8%) in the same period of last year. Excluding TBSP THB 73 mil. (9.2%), Company's Administrative expenses represented totaling THB 183 mil. (+3.6%), incremental primary by one-off extra expenses for Tender Offer in TBSP approximately by THB 13 mil. When comparing TKS, without one-off items, Administrative expenses reduced by 3% y-y.



Finance cost



THB million	Y18	Y17	%Chg
As Reported (% to Sales)			
Total Fin Exp.	27(1.3%)	7(0.5%)	307.6%
TKS	5 (0.4%)	7 (0.5%)	(30.3%)
Extra Fin. cost	13 (1.1%)	-	100%
Company	18 (1.4%)	7 (0.5%)	172.9%
TBSP	9 (1.1%)	-	100%

Company consolidated finance cost for year 2018 of THB 27 mil., +308% when compared same period of last year regarding to TBSP consolidation and extra finance cost from additional long-term loan for Tender Offer in TBSP. Excluding the extra finance cost of THB 13 mil. the finance cost of Company reduced by 30% y-y.

Net Profit

THB million	Y18	Y17	%Chg
As Reported			
Total NP	323	336	(3.7%)
Company	346	336	3.2%
TBSP	0.5	-	100%
One-time gain *	214	-	100%
One-time loss ^{A)}	(213)	-	(100%)
One-time loss ^{B)}	(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 mil. as complied with Thai Generally Accepted Accounting Principles (Thai GAAP).

^{A)} One-time loss on impairment assets on Goodwill of investment in TBSP regarding to Thai Generally Accepted Accounting Principles (Thai GAAP).

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

Company represented net profit for year 2018 of THB 323 mil., minus 3.7% against 2017. Excluding the non-recurring items, Company delivered net profit THB 346 mil. or growth of 3.2% y-y as well as primary due to higher Share of Profit of associates contribution.



Financial Position

<i>THB million</i>	<u>Dec. 18</u>	<u>Dec. 17</u>	<u>%Chg</u>
<u>As Reported</u>			
Total Assets	4,094	2,312	77%
<i>TKS</i>	2,776	2,312	20%
<i>Goodwill</i>	490	-	100%
Company	3,266	2,312	41%
TBSP	829	-	100%
Total Liabilities	1,433	477	201%
Company	773	477	62%
TBSP	660	-	100%
Total Equity	2,661	1,835	45%

Consolidated financial position as at 31 December 2018 represented healthy with total assets THB 4,094 mil., g+77% compared with ending 2017. Without TBSP of THB 829 mil. and Goodwill of THB 490 mil., Company showed total assets of THB 2,776 mil. While total liabilities accounted THB 1,433 mil. and total equity showed at THB 2,661 mil.

Cash Flows

Company represented net consolidated operating cash flows ending 31 December 2018 of THB 347 mil., while last year at THB 214 mil.

Meanwhile, consolidated net used in investing cash flows totaling THB 1,140 mil. primary due to Tender Offer in TBSP at THB 964 mil. and additional investment in Land 43 Rai for new smart factory of TBSP approximately THB 255 mil.

Net consolidated cash provided from financing received of THB 790 mil. primary due to increase of ordinary share of THB 600 mil. for Tender Offer in TBSP acquisition including cash receipts from long-term loan of THB 457 mil. while dividend payment THB 263 mil.

The consolidated cash and cash equivalents ending December 2018 reported amounting to THB 44 mil. which reflected from net cash flows such activities as above mentioned.