



บริษัท อ-apiโก ไฮเทค จำกัด (มหาชน)

AAPICO HITECH PUBLIC COMPANY LIMITED

May 15, 2017

**Subject:** MD&A for the financial statements of the 1<sup>st</sup> quarter of fiscal year 2017 ended as of March 31, 2017

**To:** The President  
The Stock Exchange of Thailand

Aapico Hitech Public Company Limited (“**the Company**”) would like to clarify the consolidated financial statements of the Company for the 1<sup>st</sup> quarter of fiscal year 2017 ended as of March 31, 2017, which can be summarized as follows:

### Thailand Automotive Industry

**Total vehicle production volume** in Jan-Mar 2017 was 485,555 units, which was 4.2% lower than a production volume of 506,874 units during Jan-Mar 2016. This year-on-year decrease was mainly due to lower production for export. **Domestic sales** in Jan-Mar 2017 grew 15.9% year-on-year to 210,490 units, compared to 181,560 units in Jan-Mar 2016. This was attributable to introduction of new car models, orders from the Bangkok Motor Show in March, and increase agricultural product price. **Export volume** has decreased by 7.6% year-on-year to a volume of 284,301 units in Jan-Mar 2017, compared to 307,760 units in Jan-Mar 2016. Decreases were seen in many markets, mainly in Asia, Middle East, Central and South America, and Africa.

### Profit & Loss Analysis

(Unit: Million Baht unless otherwise stated )

	Q1 2017	Q1 2016	Change	
			Amount	%
Total Revenues	3,946	3,910	36	0.9%
Sales and service income	3,829	3,818	8	0.2%
Other income	117	92	25	27.9%
Cost of sales and services	3,533	3,550	(17)	-0.5%
SG&A expenses	197	193	4	2.1%
Interest and Tax expenses	28	36	(8)	-22.2%
Share of profit from associate and JV	109	31	78	251.6%
Net Profit attributable to equity holders	224	146	78	53.4%

### Total Revenues

Total revenue for Q1 2017 grew slightly by 0.9% year-on-year, driven by good car sales in the Malaysian car dealerships and higher sales in China. These increases were partly offset by lower revenue in Thailand. Both the car dealerships and the automotive parts business reported sales decline, of which the latter was in line with the industry trend.

### *Cost of sales and services*

Despite higher sales, **cost of sales and services** decreased year-on-year, attributable to improved efficiency as well as on-going cost reduction and cost control. Hence, **gross profit margin** improved from 7.0% of sales in Q1 2016 to 7.7% of sales in Q1 2017.

### *Selling and Administrative expenses*

Selling and administrative expenses increased nominally, driven by higher sales-driven expenses.

### *Net profit attributable to equity holders*

Net profit attributable to equity holders improved significantly compared to last year, attributable to increased earnings, higher share of profit from associate companies, and lower financing costs. In Q1 2017, the Company had recognized loss from impairment of non-current assets classified as held for sale for Baht 62 million. As a percentage of sales, **net profit margin** improved from 3.7% in Q1 2016 to 5.7% of sales in Q1 2017.

### **Financial Position Analysis**

( Unit: Million Baht unless otherwise stated )

	March 2017	December 2016	Change	
			Amount	%
Total Assets	11,395	11,113	282	+2.5%
Total Liabilities	4,881	4,877	(4)	+0.1%
Total Shareholders' Equity	6,514	6,236	278	4.5%

Compared to December 2016, the Company's **total assets** increased by Baht 282 million, mainly driven by the increase of receivables and inventories, partly offset by the decrease in value of fixed assets through depreciation. **Total liabilities** decreased by Baht 4 million, as the repayment of bank loans was partly offset by the increase of payable. **Total shareholders' equity** increased by Baht 278 million, driven by profit in the period.

### **Key Financial Performance**

Driven by a track record of good profits, the Company's profitability indicators have continually improved. The Company's **return on equity (ROE)** ratio has improved to 10.2%, compared to 6.6% in Q1 2016. **Return on assets (ROA)** ratio improved to 5.5%, compared to 3.3% in Q1 2016. The interest bearing **debt to equity (D/E)** ratio as of March 2017 further decreased to 0.36 times, in line with the Company's target of between 0.5-1.0 times and was well below the financial covenant target.

Please be informed accordingly.

Yours sincerely,

Mr. Yeap Swee Chuan  
President & CEO