



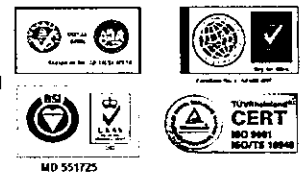
## SVI PUBLIC COMPANY LIMITED.

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February 23, 2018

### Managing Director's Report

#### Operating Results for the Fourth Quarter 2017 and Year End 2017

SVI ended the year 2017 with solid results, the synergy generated by the acquisition in Europe, including acquisition of new customers as well as new product introductions from existing customers are generating a top-line high growth in 2017 and 2018. We look at the future with optimism, motivated to deliver results that are sustainable in the long term. Our production capacity has been expanded rapidly to accommodate increasing demand. The construction of our plant in Cambodia started in 2017 will be complete and start operation in the beginning of 2018.

Even though, we have been facing challenges in ramping up new products and new customers including the constraint of materials supplied, our consolidated revenue for the full year 2017 was reported at USD 369 million (THB 12,426 million) an increase of 18% over USD 312 million (THB 10,948 million) as compared with that of 2016, the revenue contributed by subsidiaries in Europe was USD 91 million (THB 3,054 million). Our consolidated revenue reported in Q4 this year was USD 100 million (THB 3,284 million), an increase of USD 12 million or 14%, over USD 88 million (THB 3,104 million) reported in the 4th quarter last year. The segments that contributed the most to our revenue are visual and audio products, Industrial and communication products.

Total Annual Consolidated Gross Profit was THB 999 million or 8% of revenue. This represents an increase of THB 38 million from the previous year. The Consolidation Gross Profit in Q4 2017 was THB 281 million or 9% of revenue, as compared to the fourth quarter's gross profit in Q4 2016 of THB 272 million, an increase of THB 9 million or 3%. The Gross Profit margin was mainly impacted by higher materials costs and strengthen of Baht of 4%. (Average Baht 33.71 : USD 1 in 2017 v.s Average Baht 35.08 : USD 1 in 2016)

The Annual Consolidated Selling and Administrative expenses and the Company Selling and Administrative expenses for this year were THB 670 million and THB 289 million, or 5% and 3% of revenue respectively. Consolidated Selling and Administrative expenses were THB 101 million or 18% higher than the previous year, mainly related to the consolidation of SG &A of subsidiaries in Europe for one more month (12 months this year), including the impairment costs of goodwill related to taking over of Seidel group accounted to THB 58.

The Consolidated Net Profit for this year amounts to THB 491 million versus THB 1,603 million last year, a reduction of THB 1,112 million from the previous year, mainly related to the receipt of fire damages compensation from insurance in 2016 of THB 1,292 million. The Company Net Profit before tax this year was reported at THB 541 million, higher than the normalized profit (not included THB 1,292 million) before tax of the previous year by THB 45 million, or 9%.

SVI consolidated assets at 2017 year-end amount to THB 11,313 million, an increase of THB 578 million or 5% from previous year, mainly driven by reduction of cash position of THB 751 million, mainly related to more working capital requirement and buy back the company's stocks amounted to THB 225 million. It was partially offset with the increase of trade receivables of THB 346 million, inventories of THB 850 million. At company level, total assets amount to THB 9,770 million versus THB 9,449 million in 2016, an increase of 321 million. The increase was also driven by reduction of cash position of THB 798 million, partially offset with the increase of trade receivables of THB 168 million and inventories of THB 690 million. High working capital requirement is to support the growth of business in 2017 and 2018.

Total consolidated liabilities at the end of 2017 were THB 4,068 million, an increase of THB 430 million or 12% from the end of last year. This was mainly related to an increase of trade payable of THB 376 million, a short-term loan and long-term loan of THB 124 million withdrawn by European subsidiaries to support working capital. The company total liabilities at the end of 2017 were higher than the end of 2016 by THB 158 million, mainly related to the increase of trade payable.

The Consolidated and the Company shareholders' equity were at the strongest level, with THB 7,245 million and THB 7,279 million at year-end, compared with that at the end of previous year of THB 7,098 million and THB 7,117 million, an increase of THB 148 million and THB 162 million respectively. The increase was mainly generated by total year net earnings of THB 491 million, reduced by the payment of dividend in the amount of THB 181 million and the purchase of the company's shares of THB 225 million, partially offset with the increase of the reserve for issuing and allocation of ESOP warrants (SVI-W3) accounted to THB 5 million and gain on translation of subsidiaries balance sheet and the valuation of mark-to-market of investment fund of THB 58 million.

#### Profit & Loss Comparison – Year 2017 vs. Year 2016

In Million Baht	Consolidated		The Company		% Variance = (a-b) / (b)
	Yr.-2017 (a)	Yr.-2016 (b)	Yr.-2017 (c)	Yr.-2016 (d)	
Net Sales	12,426	10,948	9,530	8,318	14%
Total Costs of Sales	11,427	9,987	8,854	7,568	14%
<b>Gross Profit</b>	<b>999</b>	<b>961</b>	<b>676</b>	<b>750</b>	<b>4%</b>
Selling & Admin. Expenses	670	569	289	327	18%
<b>Operating Profit</b>	<b>329</b>	<b>392</b>	<b>387</b>	<b>423</b>	<b>(16)%</b>
Financial Expenses (Income)	20	20	6	5	0%
Exchange Losses (Gain)	33	102	27	96	(68)%
Oth. Non-Operating (Inc)/Exps	(256)	(204)	(187)	(174)	25%
Compensation received from Insurances (Income)	0	(1,292)	0	(1,292)	(100)%
Net Income/(losses) before Tax	<b>532</b>	<b>1,766</b>	<b>541</b>	<b>1,788</b>	<b>(70)%</b>
Corporation Tax	(41)	(163)	(29)	(173)	(75)%
<b>Net Income after Tax</b>	<b>491</b>	<b>1,603</b>	<b>512</b>	<b>1,615</b>	<b>(69)%</b>

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**Balance Sheet Comparison as at 31 December 2017 vs. Year 2016**

In Million Baht	Consolidated		The Company	
	31 Dec'17	31 Dec' 16	31 Dec' 17	31 Dec' 16
<b>Current Assets</b>				
Cash and ST/LT Investment	3,194	3,945	3,111	3,909
Accounts Receivable	2,801	2,455	2,120	1,952
Inventories	2,793	1,943	2,108	1,418
Other Current Assets	70	59	23	26
<b>Total Current Assets</b>	<b>8,858</b>	<b>8,402</b>	<b>7,362</b>	<b>7,305</b>
<b>Current Liabilities</b>				
Short Term Loans	151	104	7	5
Trade and other payables	2,818	2,442	2,324	2,057
Other Current Liabilities/Accruals	183	230	60	177
<b>Total Current Liabilities</b>	<b>3,152</b>	<b>2,776</b>	<b>2,391</b>	<b>2,239</b>
<b>Working Capital</b>	<b>5,706</b>	<b>5,626</b>	<b>4,971</b>	<b>5,066</b>
Loan to subsidiary	0	0	260	108
Property, Plant, Equipment and Other Non-Current Assets	2,455	2,333	2,147	2,036
<b>Total Net Assets</b>	<b>8,161</b>	<b>7,959</b>	<b>7,378</b>	<b>7,210</b>
<b>Financed by :</b>				
Long-Term Debt and provision	916	861	99	92
Net Equity	7,245	7,098	7,279	7,118
<b>Total Long-Term Funding</b>	<b>8,161</b>	<b>7,959</b>	<b>7,378</b>	<b>7,210</b>



Mr. Pongsak Lothongkam  
Managing Director

