



บริษัท อ-apiโก ไฮเทค จำกัด (มหาชน)

AAPICO HITECH PUBLIC COMPANY LIMITED

November 13, 2018

Subject: MD&A for the financial statements of the 3rd quarter of fiscal year 2018 ended as of September 30, 2018

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 3rd quarter of fiscal year 2018 ended as of September 30, 2018, which can be summarized as follows:

Thailand Automotive Industry

	Q3			January – September		
	2018	2017	% Change	2018	2017	% Change
Production	547,547	526,778	+3.9%	1,604,116	1,477,744	+8.6%
Domestic	257,466	210,735	+22.2%	746,584	620,715	+20.3%
Export	296,827	313,576	-5.3%	858,787	849,982	+1.0%

For the 3rd quarter of 2018, total vehicle production volume reported a 3.9% growth compared to last year, driven by strong domestic demands. Production of both pick-up and passenger car reported volume increase. Domestic car sales grew by 22.2% year on year. This increase was partly offset by decrease of export volume by 5.3% compared to last year.

For the 9 months period from January to September, total vehicle production volume growth was driven by strong domestic car sales, which grew 20.3% year on year. Export volume grew by 1.0% compared to last year.

Profit & Loss Analysis

(Unit : Million Baht unless otherwise stated)	Quarter 3		Change	
	2018	2017	Amount	% Change
Total Revenues	4,416	4,284	132	+3.1%
Sales and service income	4,179	4,052	127	+3.1%
Other income	151	146	5	+3.4%
Interest income	86	86	-	0.0%
Cost of sales and services	3,895	3,850	45	+1.2%
SG&A expenses	216	252	(36)	-14.3%
Interest and Tax expenses	44	53	(9)	-17.0%
Share of profit from associates and JV	62	118	(56)	-47.5%
Net profit attributable to equity holders	302	243	59	+24.3%

Total revenue grew by 3.1% compared to last year, driven by higher sales from both automotive parts and car dealerships. Sales of automotive parts grew by 2.8% year-on-year, attributable to sales increase in both Thailand and China. The car dealerships sales grew by 3.1%, attributable to higher car sales in Malaysia.

Cost of sales and services increased by only 1.2 percent while sales have increased by over 3 percent. As a result, **gross profit margin** as percentage of sales continuously improved, from 5.0% in Q3 2017 to 6.8% in Q3 2018, driven by improved efficiency and increase volume.

Selling and administrative expenses were Baht 36 million lower than last year due to cost control and lower unrealized loss related to foreign currency exchange.

Net profit attributable to equity holders improved significantly by 24.3% compared to last year, driven by increased earnings of operations attributable to higher sales and ongoing improved efficiency and cost control.

(Unit : Million Baht unless otherwise stated)	January to September		Change	
	2018	2017	Amount	% Change
Total Revenues	13,161	12,133	1,028	+8.5%
Sales and service income	12,447	11,509	938	+8.2%
Other income	464	367	97	+26.4%
Interest income	250	110	140	+127.3%
Gain on sale of investment	-	147	(147)	-100%
Cost of sales and services	11,595	10,783	812	+7.5%
SG&A expenses	617	661	(44)	-6.7%
Loss on disposal of other long-term investment	-	62	(62)	-100%
Interest and Tax expenses	170	124	46	+37.1%
Share of profit from associates and JV	259	295	(36)	-12.2%
Net profit attributable to equity holders	1,004	782	222	+28.4%

For the 9 months period from January to September, **total revenue** grew by 8.5% year-on-year, driven by higher sales from both automotive parts and car dealerships business and higher interest income from loan to SGAH. Last year's revenue also included one-time gain from sale of investment of Baht 147 million which was recorded in Q2 2017.

Net profit attributable to equity holders improved to Baht 1,004 million, as compared to net profit of Baht 782 million in Jan-Sep 2017. If adjusted for one-time gain on sale of investment, loss on disposal of other long-term investment, and the SGAH related expenses which were recorded in 2017, the adjusted net profit of 2017 is Baht 730 million. Net profit has increased by Baht 274 million, from Baht 730 million to Baht 1,004 million, attributable to increased earnings from core businesses driven by higher sales and improved efficiency and higher interest income from loan to SGAH.

Financial Position Analysis

(Unit : Million Baht unless otherwise stated)	September	December	Change	
	2018	2017	Amount	% Change
Total Assets	15,977	14,721	1,256	+8.5%
Total Liabilities	8,381	7,538	843	+11.2%
Total Equities	7,596	7,183	413	+5.7%

For the 9 months period from January to September, the Company's **total assets** increased by Baht 1,256 million, mainly attributable to the build-up of inventories and tooling equipment for new projects and increase of interest receivables related to loan to SGAH, which has been received in full in October 2018. **Total liabilities** increased by Baht 843 million, mainly attributable to the deposit receipt of advance payment related to tooling project from Vinfast. **Total shareholders' equity** increased by Baht 413 million, driven increase of profit during the period, partly offset by dividend payment.


Key Financial Performance

	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Return on equity (ROE)	14.3%	17.3%	18.9%	18.3%	19.0%
Return on asset (ROA)	7.1%	9.0%	10.1%	8.8%	8.9%
Interest bearing Debt / Equity (IBD/Equity)	0.78	0.69	0.60	0.56	0.61

The Company's profitability indicators have continuously improved, driven by increased profit. As of the 3rd quarter of 2018, the **return on equity (ROE)** ratio and **return on assets (ROA)** ratio have improved to 19.0% and 8.9%, as compared to the ratio in Q3 2017 of 14.3% and 7.1% respectively. The **interest bearing debt to equity (D/E)** ratio decreased to 0.61 times as of September 2018, compared to last year's ratio at 0.78, due to debt repayment and increase equity. This ratio was in line with the Company's target of less than 1.0 time.

Please be informed accordingly.

Yours sincerely,



Mr. Yeap Swee Chuan
President & CEO