



SVI PUBLIC COMPANY LIMITED.

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Managing Director's Report Operating Results for Year End 2018

The Company posted strong revenue growth in 2018 and ended the year with highest historical record revenue. Strong growth came from strong demand from current customers across major sectors. We continue to look forward to 2019 with optimism in the growth of our existing customers and our global expansion efforts. In terms of our profitability, our margins expanded also from 2017 to 2018 and we expect to continue on this trend going forward.

Strong sales growth

For the year 2018, the Company posted a strong consolidated Sales of THB 15,610 million (USD 484.9 million), an increase of THB 3,184 million (USD 116.2 million) or 25.6% from the previous year. Communication and Network, Audio and Video, Medical and Micro-Electronics were key sectors in contributing to sales growth this quarter. Furthermore, the Company continues to focus on expanding existing businesses and international expansion to carry the growth through to 2019.

Consolidated Gross Profit for 2018 was THB 1,377 million (USD 42.7 million), an increase of THB 378 million (USD 13.1 million) or 37.8% from the previous year. Gross Profit margins improved to 8.8% compared to the previous year of 8.0%. In terms of Consolidated Operating Profit excluding other income for the year, the Company posted THB 696 million (USD 21.6 million), an increase of THB 367 million (USD 11.8) or 111.6% from the previous year and with margins improvement from 2.7% to 4.5%.

For the year, the Company recorded a solid Consolidated Net Income of THB 803 million (USD 24.9 million), an increase of THB 312 million (USD 10.4 million) or 63.5% from the previous year. Margins also improved from 3.9% in the previous year to 5.1%. The group also recognized minor foreign exchange gain of THB 63 million in 2018.

Increased working capital requirement to fund growth but still a strong balance sheet position

Total Consolidated Assets in 2018 was THB 12,905 million, an increase of THB 1,592 million from the previous year. This is due to the increase in sales resulting in the increase in Accounts Receivable of THB 1,108 million from the previous year. Inventories also increased by THB 1,589 million to THB 4,382 million from the previous year. Cash and Short-Term Investments of THB 2,051 million decreased by THB 1,143 million to help fund the Company's growth.

Total Consolidated Liabilities in 2018 was THB 5,264 million, an increase of THB 1,197 million, from the previous year. This is due to the increase in accounts payable of THB 1,308 million to THB 4,126 million from the previous year due the higher inventory level for the increased in sales. The group has an outstanding long-term debt of THB 539 million, a decrease THB 187 million from the previous year as the group continues to repay its long-term debt.

Consolidated and Company Profit & Loss Comparison -Y2018 vs. Y2017

In Million Baht	Consolidated		The Company		% Variance = (a-b) / (b)
	Yr.2018 (a)	Yr.2017 (b)	Yr.2018 (c)	Yr.2017 (d)	
Net Sales	15,610	12,426	11,912	9,530	25.6%
Total Costs of Sales	14,233	11,427	11,050	8,854	24.6%
Gross Profit	1,377	999	862	676	37.8%
Selling & Admin. Expenses	681	670	309	289	1.6%
Operating Profit	696	329	553	387	111.6%
Financial Expenses (Income)	22	20	5	6	10.0%
Exchange Losses (Gain)	(63)	33	(90)	27	(290.9%)
Oth. Non-Operating (Inc)/Exps	(119)	(256)	(118)	(187)	(53.5%)
Net Income/(losses) before Tax	856	532	756	541	60.9%
Corporation Tax	(53)	(41)	(13)	(29)	29.3%
Net Income/ (losses) after Tax	803	491	743	512	63.5%

Balance Sheet Comparison

In Million Baht	Consolidated		The Company	
	31 Dec' 18	31 Dec' 17	31 Dec' 18	31 Dec' 17
Current Assets				
Cash and ST/LT Investment	2,051	3,194	1,962	3,111
Accounts Receivable	3,909	2,801	3,328	2,120
Inventories	4,382	2,793	3,632	2,108
Other Current Assets	81	70	28	22
Total Current Assets	10,423	8,858	8,950	7,361
Current Liabilities				
Short Term Loans	245	151	3	7
Accounts Payable	4,126	2,818	3,654	2,324
Other Current Liabilities/Accruals	176	183	66	60
Total Current Liabilities	4,547	3,152	3,723	2,391
Working Capital	5,876	5,706	5,227	4,970
Loan to subsidiary	0	0	369	261
Property, Plant, Equipment and Other Non-Current Assets	2,482	2,455	2,116	2,147
Total Net Assets	8,358	8,161	7,712	7,378
Financed by:				
Long-Term Debt and provision	717	916	93	99
Net Equity	7,641	7,245	7,619	7,279
Total Long-Term Funding	8,358	8,161	7,712	7,378

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Mr. Pongsak Lothongkam
Managing Director

