



## SVI PUBLIC COMPANY LIMITED.

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### **Managing Director's Report – Operating Results for the 1<sup>st</sup> Quarter 2019**

The Company posted revenue in the 1<sup>st</sup> Quarter of 2019 significantly higher than the 1<sup>st</sup> Quarter of 2018. However, profitability was hindered by external and internal factors. The Company continues to attract new businesses and maintains its 2019 growth target.

#### **Solid sales growth Year on Year but profitability faced challenges**

The Company posted Consolidated Sales for the 1<sup>st</sup> Quarter of 2019 of THB 3,893 million (USD 124 million), an increase of THB 636 million (USD 20 million) or 19.5% from the same quarter of the previous year. Compared to the 4<sup>th</sup> Quarter of 2018, this quarter recorded a decrease of THB 560 million (USD 13 million) or 12.6%. Communication and Network, Industrial Control, Automotive & Public Transportation and Medical Devices & Equipment were key sectors in contributing to sales this quarter. Furthermore, the Company continues to add new businesses to carry through the growth through the year.

The Company posted Consolidated Gross Profit for 1<sup>st</sup> Quarter of 2019 of THB 246 million (USD 8 million), an increase of THB 14 million (USD 0.4 million) or 6.0% from the same quarter of the previous year. Consolidated Gross Profit margins in the 1<sup>st</sup> Quarter of 2019 contracted to 6.3% compared 7.1% of the same quarter in the previous year and 8.3% of the previous quarter. The decreased in margins is due to the strong appreciation of Thai Baht during the 1<sup>st</sup> Quarter and the increased in labor cost as the Company continues to hire personnel in preparation to achieve higher targeted revenue over the coming years.

Consolidated Net Income the 1<sup>st</sup> Quarter of 2019 was THB 83 million (USD 3 million) an increase of THB 19 million (USD 0.6 million) or 19.0% from the same quarter of the previous year. The Company also recognized THB 64 million (USD 2 million) from the reversal of a provision for consigned stock and equipment. Compared to the 4<sup>th</sup> quarter of 2018, the 1<sup>st</sup> Quarter recorded a decrease of THB 127 million (USD 4 million) or 60.5%. The group also recognized minor foreign exchange loss of THB 12 million resulting from mark to market using end of quarter's Baht's value (Baht 32.65 : USD 1 at end of Q4 2018 vs 31.47 : USD 1 at end of Q1 2019).

#### **A strong balance sheet with ample debt room**

Total Consolidated Assets in 1<sup>st</sup> Quarter 2019 was THB 12,708 million, a decrease of THB 197 million from the previous quarter. This is due to the decrease in revenue resulting in the decrease in Accounts Receivable of THB 457 million from the previous quarter. Inventories had a minor increase of THB 193 million to THB 4,574 million from the previous quarter. Cash and Short-Term Investments of THB 2,092 million remained relatively stable and unchanged.

Total Consolidated Liabilities in 1<sup>st</sup> Quarter of 2019 was THB 4,951 million, a decrease of THB 313 million from the previous quarter. This is due to the decrease in accounts payable of THB 265 million to THB 3,861 million from the previous quarter. The group has an outstanding long-term debt of THB 519 million, a decrease THB 20 million from the previous quarter as the group continues to repay its long-term debt. Furthermore, short-term loans from banks decreased to THB 197 million in 1<sup>st</sup> Quarter of 2019 from THB 245 million in the previous quarter.

## Consolidated Profit & Loss Comparison

	Q1-2019	Q4-2018	% Variance	Q1-2018	% Variance
In Million Baht	(a)	(b)	= (a-b) / (b)	(c)	= (a-c) / (c)
Net Sales	3,893	4,453	(12.58%)	3,257	19.53%
Total Costs of Sales	3,647	4,083	(10.68%)	3,025	20.56%
<b>Gross Profit</b>	<b>246</b>	<b>370</b>	<b>(33.51%)</b>	<b>232</b>	<b>6.03%</b>
Selling & Admin. Expenses	209	196	6.63%	158	32.28%
<b>Operating Profit</b>	<b>37</b>	<b>174</b>	<b>(78.74%)</b>	<b>74</b>	<b>(50.00%)</b>
Financial Expenses (Income)	6	5	20.00%	6	0.00%
Exchange Losses (Gain)	12	(20)	(160.00%)	12	0.00%
Oth. Non-Operating (Inc)/Exps	(92)	(21)	338.10%	(27)	240.74%
<b>Net Income/(losses) before Tax</b>	<b>111</b>	<b>210</b>	<b>(47.14%)</b>	<b>83</b>	<b>33.73%</b>
Corporation Tax	(28)	0	(100.00%)	(19)	47.37%
<b>Net Income/ (losses) after Tax</b>	<b>83</b>	<b>210</b>	<b>(60.48%)</b>	<b>64</b>	<b>29.69%</b>

## The Company Profit & Loss Comparison

	Q1-2019	Q4-2018	% Variance	Q1-2018	% Variance
In Million Baht	(a)	(b)	= (a-b) / (b)	(c)	= (a-c) / (c)
Net Sales	2,936	3,540	(17.06%)	2,278	28.88%
Total Costs of Sales	2,850	3,267	(12.76%)	2,190	30.14%
<b>Gross Profit</b>	<b>86</b>	<b>273</b>	<b>(68.50%)</b>	<b>88</b>	<b>(2.27%)</b>
Selling & Admin. Expenses	99	92	7.61%	64	54.69%
<b>Operating Profit</b>	<b>(13)</b>	<b>181</b>	<b>(107.18%)</b>	<b>24</b>	<b>(154.17%)</b>
Financial Expenses (Income)	1	1	0.00%	1	0.00%
Exchange Losses (Gain)	2	(28)	(107.14%)	10	(80.00%)
Oth. Non-Operating (Inc)/Exps	(87)	(34)	155.88%	(28)	210.71%
<b>Net Income/(losses) before Tax</b>	<b>71</b>	<b>242</b>	<b>(70.66%)</b>	<b>41</b>	<b>73.17%</b>
Corporation Tax	(17)	(2)	750.00%	(4)	325.00%
<b>Net Income/ (losses) after Tax</b>	<b>54</b>	<b>240</b>	<b>(77.50%)</b>	<b>37</b>	<b>45.95%</b>

## Balance Sheet Comparison

In Million Baht	<u>Consolidated</u>		<u>The Company</u>	
	31 Mar'19	31 Dec'18	31 Mar'19	31 Dec'18
<b>Current Assets</b>				
Cash and ST/LT Investment	2,092	2,051	1,875	1,962
Accounts Receivable	3,452	3,909	2,954	3,328
Inventories	4,574	4,382	3,735	3,632
Other Current Assets	69	81	20	28
<b>Total Current Assets</b>	<b>10,187</b>	<b>10,423</b>	<b>8,584</b>	<b>8,950</b>
<b>Current Liabilities</b>				
Short Term Loans	197	245	2	3
Accounts Payable	3,861	4,126	3,300	3,654
Other Current Liabilities/Accruals	184	176	82	66
<b>Total Current Liabilities</b>	<b>4,242</b>	<b>4,547</b>	<b>3,384</b>	<b>3,723</b>
<b>Working Capital</b>	<b>5,945</b>	<b>5,876</b>	<b>5,200</b>	<b>5,227</b>
Loan to subsidiary	0	0	538	369
Property, Plant, Equipment and Other Non-Current Assets	2,520	2,482	2,073	2,116
<b>Total Net Assets</b>	<b>8,465</b>	<b>8,358</b>	<b>7,811</b>	<b>7,712</b>
<b>Financed by:</b>				
Long-Term Debt and provision	709	717	99	93
Net Equity	7,756	7,641	7,712	7,619
<b>Total Long-Term Funding</b>	<b>8,465</b>	<b>8,358</b>	<b>7,811</b>	<b>7,712</b>

Mr. Pongsak Lothongkam  
Managing Director