



บริษัท เทคโนโลยีคัล จำกัด (มหาชน)

Techno Medical Public Company Limited

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No. TM02/2019

May 10, 2019

Subject: Management Discussion and Analysis for the three-month period ended March 31, 2019

To: The President
The Stock Exchange of Thailand

Techno Medical Public Company Limited (“The Company”) would like to submit this Management Discussion and Analysis for the three-month period ended March 31, 2019, with detail as follows

Statement of Comprehensive Income for the year ended March 31, 2019 and 2018

Statement of Comprehensive Income	Three-month	Three-month	Increase
	FY2019	FY 2018	(Decrease) %
	Million Baht	Million Baht	%
Revenue from Sales – net	200.52	146.77	36.62%
Gain on Exchange Rate	3.10	2.56	21.09%
Other Income	0.10	0.18	-44.44%
Total Income	203.72	149.51	36.26%
Cost of Sales	124.63	84.7	47.14%
Gross Profit (Exclude Other Income)	75.89	62.07	22.27%
Distribution Costs	24.31	30.47	-20.22%
Administrative Expenses	25.48	21.11	20.70%
Profit before Finance Costs and Income Tax Expenses	29.30	13.23	121.47%
Finance Costs	1.56	1.72	-9.30%
Profit before Income Tax	27.74	11.51	141.01%
Income Tax Expense	6.06	2.34	158.97%
Net Profit	21.68	9.17	136.42%

Revenue from sales - net

Revenue from sales for the three-month period ended March 31, 2019 amounted to Baht 200.52 million, increased by Baht 53.75 million (+36.62% YoY) compared to the same period of last year, contributing to increasing sales from Disposable Equipment and Supplies category, from Baht 123.11 million in 2018 to Baht 185.96 million in 2019 (+51.06% YoY) since the sales from new products and sales from existing products increased. And sales from Medical Equipment and Instrument category decreased from Baht 23.66 million in 2018 to Baht 14.56 million (-38.47% YoY) due to cancellation of sales of some products of Medical Equipment and Instrument specialized for heart surgery.

However, the Company has non-recurring item in the first quarter of 2019; selling certain inventories of Medical Equipment and Instrument specialized for heart surgery amounting to Baht 65 million to a foreign supplier, since the Company canceled the distributorship with the supplier.

Gain on exchange rate

Gain on exchange rate for the three-month period ended March 31, 2019 amounted to Baht 3.10 million, increased by Baht 0.54 million or 21.09% compared with the same period of last year, contributing to appreciation of Thai Baht against foreign exchange rate such as US dollar and Euro especially in 1st Quarter of 2019. Resulting in realized gain from exchange rate increased when payments to overseas vendors were made comparing to the same period of prior year.

Other income

Other income for the three-month period ended March 31, 2019 amounted to Baht 0.10 million, decreased by Baht 0.08 million of 44.44% compared with the same period of last year because interest income decreased.

Cost of goods sold and gross profit margin

Cost of goods sold for the three-month period ended March 31, 2019 amounted to Baht 124.63 million, increased by Baht 39.33 million or 47.14% compared with the same period of last year, relatively to the sales increase. The Company has gross profit amounted to Baht 75.89 million which increased by Baht 13.82 million or 22.27% compared with the same period of last year. However, gross profit margin decreased from 42.29% in 2018 to 37.85 in 2019 due to the fact that the gross profit margin of Baht 65 million buyback transaction is 23.64%, resulting in a lower overall gross margin.

Distribution costs

Distribution costs for the three-month ended March 31, 2019 amounted to Baht 24.31 million, decreased by Baht 6.16 million or 20.22% compared with the same period of the prior year. Because the Company decreased various expenses such as samples and marketing activities.

Administrative expenses

Administrative expenses for the three-month ended March 31, 2019 amounted to Baht 25.48 million, increased by Baht 4.37 million or 20.70% compared with the same period of the

prior year. Because the Company accrued provision for obsolete inventories and allowance for doubtful accounts with overdue over 1 year more than the amount accrued in 2018.

Finance costs

Finance cost for the three-month period ended March 31, 2019 amounted to Baht 1.56 million, decreased by Baht 0.16 million or 9.30% compared with the same period of the prior year. Since loans under trust receipt agreements and long-term borrowings as at March 31, 2019 decreased by Baht 3.45 million and Baht 7.97 million, respectively, compared to the balance as at March 31, 2018. Thus, finance costs decrease.

Income tax expense

Income tax expense for the three-month period ended March 31, 2019 amounted to Baht 6.06 million, increased by Baht 3.72 million or 158.97% compared with the same period of the prior year, relating to the increase of net profit before income tax expenses increased by Baht 16.23 million or 141.01%.

Net profit and net profit margin

Net profit for the three-month period ended March 31, 2019 amounted to Baht 21.68 million, increased by Baht 12.51 million or 136.42% compared with the same period of the prior year, which net profit Baht 9.17 million. The main cause is incremental of sales, incremental of gross profit, decremental of distribution cost and finance cost as above mention.

Please be informed accordingly.

Yours sincerely,



Mrs. Soonthree Chanlongbutra,
Chief Executive Officer
Techno Medical Public Company Limited