



May 15, 2019

**Subject:** MD&A for the financial statements of the 1<sup>st</sup> quarter of fiscal year 2019 ended as of March 31, 2019

**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 1<sup>st</sup> quarter of fiscal year 2019 ended as of March 31, 2019, which can be summarized as follows:

### Thailand Automotive Industry

	Quarter 1		Change	
	2019	2018	Unit	% Change
Production	561,487	539,690	21,797	+4.0%
Domestic	263,549	237,093	26,456	+11.2%
Export	299,841	295,230	4,611	+1.6%

### Profit & Loss Analysis

(Unit : Million Baht unless otherwise stated)	Quarter 1		Change	
	2019	2018	Amount	% Change
Total Revenues	4,479	4,496	(17)	-0.4%
Sales and service income	4,230	4,264	(34)	-0.8%
Other income	134	153	(19)	-12.4%
Interest income	115	79	36	+45.6%
Cost of sales and services	3,855	3,956	(101)	-2.6%
SG&A expenses	256	238	18	+7.6%
<b>EBIT</b>	<b>368</b>	<b>302</b>	<b>66</b>	<b>+21.9%</b>
Interest and Tax expenses	126	59	67	+113.6%
Share of profit (loss) from associates and JV	(26)	159	(185)	-116.4%
<b>Net profit attributable to equity holders</b>	<b>216</b>	<b>397</b>	<b>(181)</b>	<b>-45.6%</b>

**Total revenues** in Q1 2019 were slightly lower than last year, primarily due to lower sales in the car dealerships business in both Thailand and Malaysia. These decreases were partly compensated by higher sales in the automotive part business in Thailand, which grew in line with industry growth and included the sales of tooling to VinFast in Q1 2019, and higher interest income from loan to SGAH.

**Cost of sales and services** decreased year-on-year as a result of lower car sales. As a percentage of sales, **gross profit margin** improved from 7.2% in Q1 2018 to 8.9% in Q1 2019, driven by cost reduction measures and improved efficiency and increases of gross profit from tooling sales in Q1 2019.

**Selling and administrative expenses** increased compared to last year, related to unrealized loss on foreign currency exchange transactions and one-time expenses.

**Earnings before interest and taxes** increased year-on-year, driven by improved performance of core businesses and the profit from sales of tooling to VinFast. These increases were however offset by higher **interest and tax expenses**, primarily due to increased loan level and the completion of the BOI tax incentive scheme respectively.

**Net profit attributable to equity holders** decreased Baht 181 million year-on-year, as improved earnings from core businesses were offset by lower results from associates and joint ventures, largely due to shared loss from SGAH related to operational inefficiency which will be gradually improved.

In Q1 2018, the Company recorded an associate income of Baht 159 million, as compared to a loss of Baht 26 million in Q1 2019, due mainly to losses at SGAH. However, the SGAH losses were reduced from a loss of Baht 256 million in Q4 2018 to a loss of Baht 159 million in Q1 2019.

### Financial Position Analysis

(Unit : Million Baht unless otherwise stated)	March 2019	December 2018	Change	
			Unit	% Change
Total Assets	19,030	17,891	1,139	+6.4%
Total Liabilities	10,648	9,944	704	+7.1%
Total Shareholders' Equity	8,382	7,947	435	+5.5%

For the first quarter of 2019, **total assets** increased by Baht 1,139 million, mainly due to the increase of receivables and inventories related to new projects and the investment in the joint venture with VinFast. **Total liabilities** increased by Baht 704 million, due to the increase of payable and the issuance of debenture of Baht 500 million. **Total shareholders' equity** increased by Baht 435 million, driven by profit for the period.

### Key Financial Performance

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Return on Equity (ROE)	19.5%	18.9%	19.8%	17.7%	14.4%
Return on Asset (ROA)	10.3%	9.0%	9.2%	8.2%	6.8%
Interest bearing debts / Equity (D/E)	0.60	0.56	0.62	0.80	0.80

**Return on equity (ROE)** and **Return on assets (ROA)** as of Q1 2019 were at 14.4% and 6.8% respectively. The Company's profitability indicators were lower than Q1 2018, mainly due to new investments which had not yet generated return. **Interest bearing debts to equity (D/E)** ratio was higher than Q1 2018 at 0.80 times, primarily due to increased debt level.

Please be informed accordingly.

Yours sincerely,



Mr. Yeap Swee Chuan  
President & CEO