

T.K.S. Technologies Public Company Limited

Management Discussion and Analysis

Operating Results for the period as at 30 June 2019

Business Overview

2Q19 and 6M19 Performance

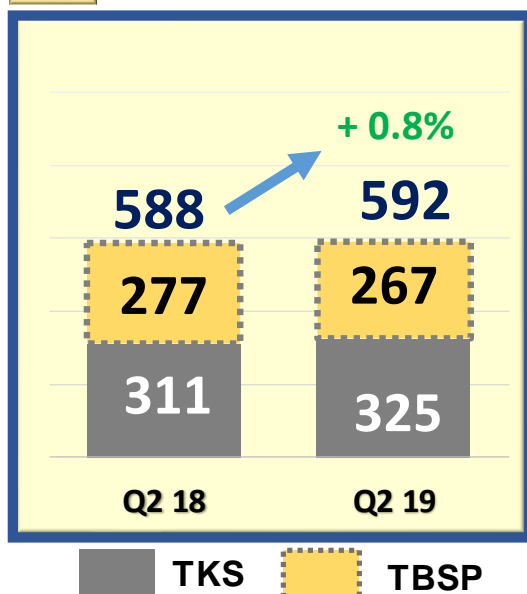
T.K.S. Technologies Public Company Limited (“Company”) reported total revenues growth of 0.8% or THB 4 mil from q-q in 2Q19, primarily due to business combination consolidated TBSP Public Company Limited (“TBSP”) since April 4, 2018. Excluding TBSP, Company’s core revenues increased by 4.3% or THB 14 mil from q-q.

For 6M19, Company reported revenue growth of 38.4% y-y or THB 346 million, driven primarily by business combination. Excluding TBSP, Company’s core revenues increased by 12.5% or THB 78 mil, mainly caused by higher revenues from High-Valued Document.

Revenue Breakdown

2Q19

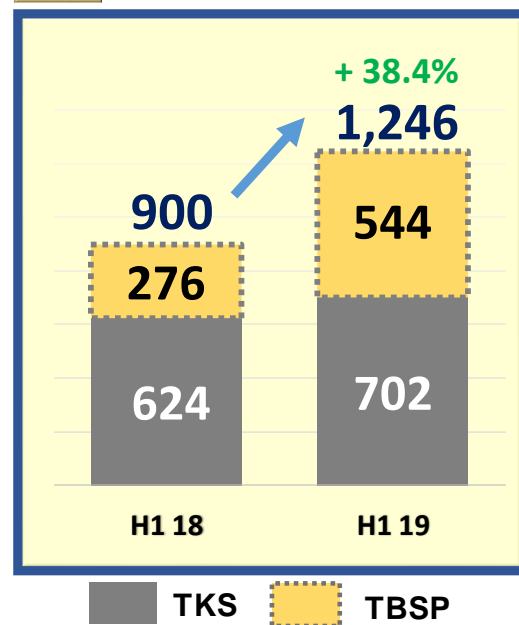
Mil THB



THB million	Q2 19	Q2 19	%Chg
As Reported			
Total Revenues	592	588	0.8%
<i>Company</i>	325	311	4.3%
<i>TBSP</i>	267	277	(3.1%)

6M19

Mil THB

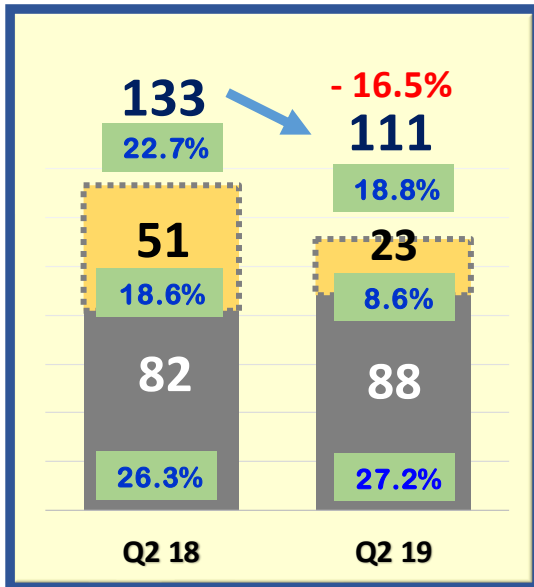


THB million	H1 19	H1 18	%Chg
As Reported			
Total Revenues	1,246	900	38.4%
<i>Company</i>	702	624	12.5%
<i>TBSP</i>	544	276	97.1%

%Gross Profit Margin

2Q19

Mil THB



TKS TBSP %GP

% GP Q2 19 Q2 18

As Reported

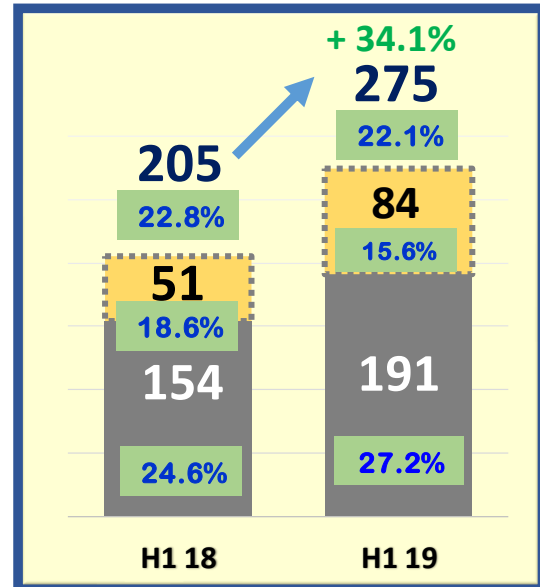
Total GP	18.8%	22.7%
<i>Company</i>	27.2%	26.3%
<i>TBSP</i>	8.6%	18.6%

In 2Q19, consolidated %GP reported at 18.8%, while showed of 22.7% in the same quarter of last year. Excluding TBSP of 8.6% GP, Company's %GP represented at 27.2%, primary by higher Gross Profit of High-Valued Document.

Excluding extra expenses that are combined as part of the cost of sales in 2Q19. Consisting of the impact of the legal adjustment of compensation for employee retirement 400 days of THB 15 mil (TKS 2 mil, TBSP 13 mil) and the cost of sales TBSP assets of 10 mil. The Company shows %GP at 22.9%, separated into %GP at 27.8% of TKS and %GP at 17.0% of TBSP.

6M19

Mil THB



TKS TBSP %GP

% GP H1 19 H1 18

As Reported

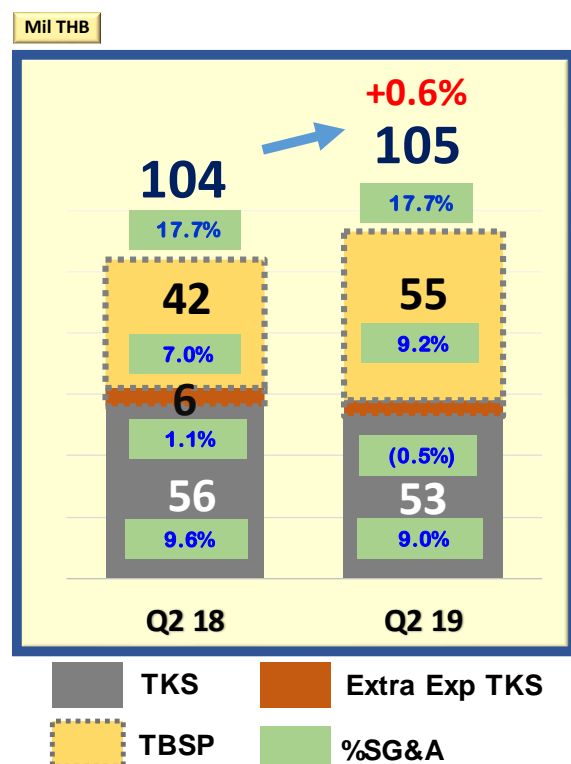
Total GP	22.1%	22.8%
<i>Company</i>	27.2%	24.6%
<i>TBSP</i>	15.6%	18.6%

For 6M19, Company showed %GP at 22.1%, while 6M18 represented at 22.8%. Excluding TBSP of 15.6% GP, Company's core %GP achieved at 27.2%, primary by higher Gross Profit of High-Valued Document.

Excluding extra expenses that are combined as part of the cost of sales, The Company shows %GP at 24.1%, separated into %GP at 27.4% of TKS and %GP at 19.7% of TBSP.

Selling & Administrative Expenses

2Q19



THB million

	Q2 19	Q2 18	%Chg
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As Reported (% to Sales)

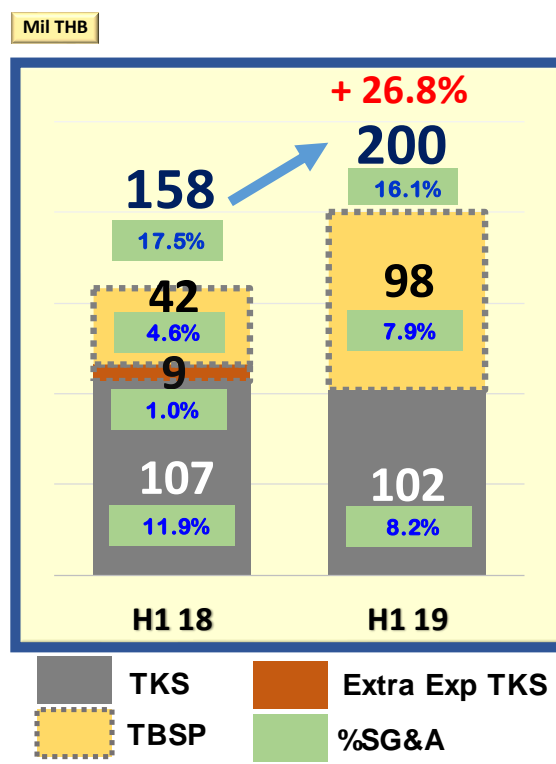
Total SG&A Exp.	105(17.7%)	104(17.7%)	0.6%
Company	53(9.0%)	56(9.6%)	(5.9%)
One-off Extra exp.	-3(0.5%)	6(1.1%)	(145.7%)
Company	50(8.5%)	62(10.7%)	(19.8%)
TBSP	55(9.2%)	42(7.0%)	31.4%

In 2Q19, Company reported consolidated Selling & Administrative expenses of THB 105 mil. (17.7%), while showed equal % to Sales in the same quarter of last year. Excluding TBSP THB 55 mil. (9.2%), Company's Selling & Administrative expenses represented at THB 50 mil. (8.5%), 19.8% decremental primary by one-off extra expenses for Tender Offer in TBSP approximately by THB 6 mil in 2Q18. When comparing TKS, without one-off items, Administrative expenses reduced by 5.9% q-q which came from more effective management in logistic & distribution.

T.K.S. TECHNOLOGIES



6M19



THB million

	H1 19	H1 18	%Chg
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As Reported (% to Sales)

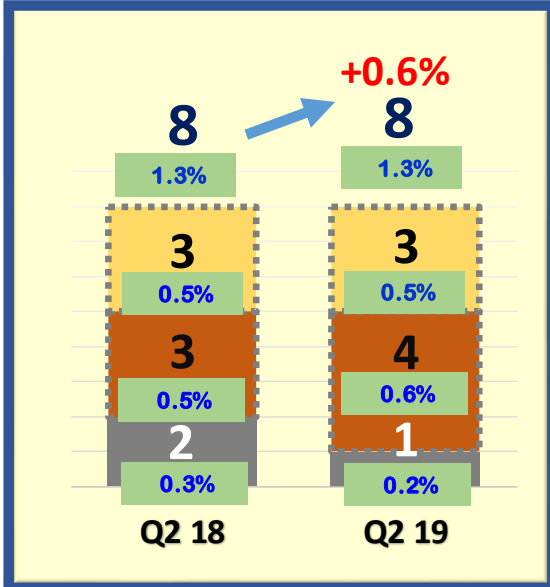
Total SG&A Exp.	200(16.1%)	158(17.5%)	26.8%
TKS	102(8.2%)	107(11.9%)	(4.9%)
One-off Extra exp.	-	9(1.0%)	(100.0%)
Company	102(8.2%)	116(12.9%)	(12.1%)
TBSP	98(7.9%)	42(4.6%)	135.7%

For 6M19, Company reported consolidated Selling & Administrative expenses of THB 200 mil. (16.1%), increased by 26.8% when compared same period of last year, driven primarily by business combination. Excluding TBSP THB 98 mil. (7.9%), Company's Selling & Administrative expenses represented at THB 102 mil. (8.2%), 12.1% decremental primary by one-off extra expenses for Tender Offer in TBSP approximately by THB 9 mil in 6M18. When comparing TKS, without one-off items, Administrative expenses reduced by 4.9% y-y which came from more effective management in logistic & distribution.

Finance cost

2Q19

Mil THB



THB million 2Q19 2Q18 %Chg

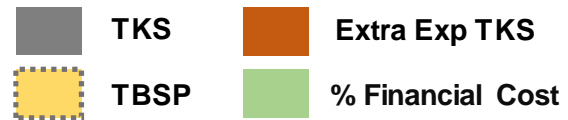
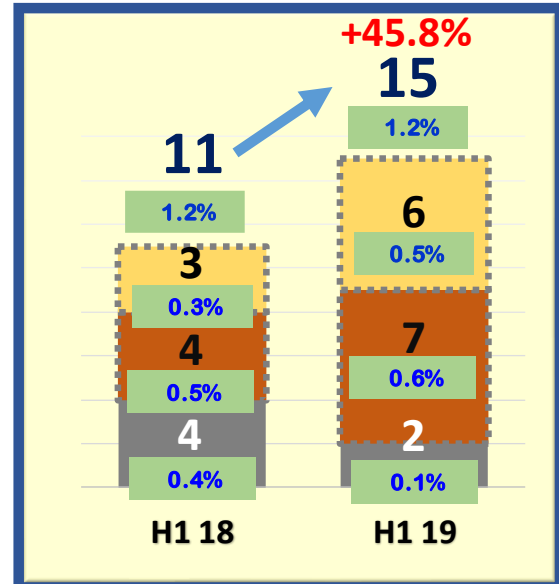
As Reported (% to Sales)

Total Fin Exp.	8(1.3%)	8(1.3%)	0.6%
<i>TKS</i>	<i>1(0.2%)</i>	<i>2(0.3%)</i>	<i>(25.4%)</i>
<i>Extra Fin. cost</i>	<i>4(0.6%)</i>	<i>3(0.5%)</i>	<i>9.9%</i>
Company	5(0.8%)	5(0.8%)	(3.2%)
TBSP	3(0.5%)	3(0.5%)	7.7%

Company consolidated finance cost in 2Q19 of THB 8 mil., +0.6% when compared same quarter of last year regarding to extra finance cost from additional long-term loan for Tender Offer in TBSP. Excluding the extra finance cost of THB 4 mil. The finance cost of Company reduced by 25.4% q-q.

6M19

Mil THB



THB million H119 H118 %Chg

As Reported (% to Sales)

Total Fin Exp.	15(1.2%)	11(1.2%)	45.8%
<i>TKS</i>	<i>2(0.1%)</i>	<i>4(0.4%)</i>	<i>(33.0%)</i>
<i>Extra Fin. Cost</i>	<i>7(0.6%)</i>	<i>4(0.5%)</i>	<i>68.8%</i>
Company	9(0.7%)	8(0.9%)	21.3%
TBSP	6(0.5%)	3(0.3%)	116.3%

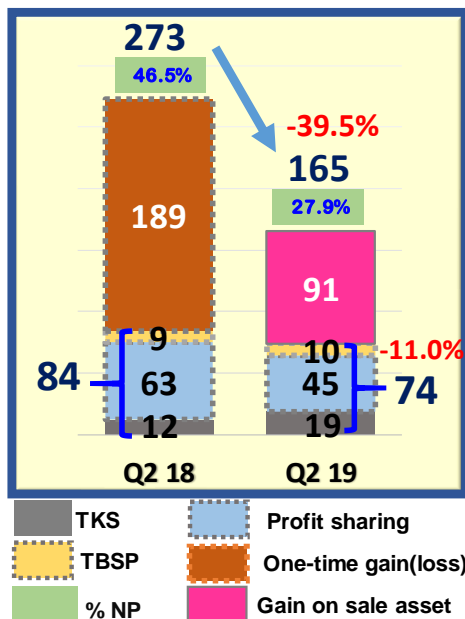
For 6M19, Company consolidated finance cost of THB 15 mil., +45.8% when compared same period of last year regarding to TBSP consolidation and extra finance cost from additional long-term loan for Tender Offer in TBSP. Excluding finance cost of TBSP of 6 mil and the extra finance cost of THB 7 mil. The finance cost of Company reduced by 33.0% y-y.



Net Profit

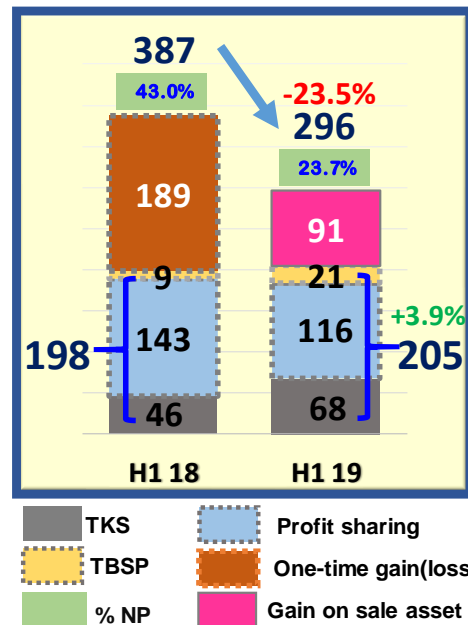
2Q19

Mil THB



6M19

Mil THB



THB million	Q2 19	Q2 18	%Chg
As Reported			
Total NP	165(27.9%)	273(46.5%)	(39.5%)
TKS	19(3.3%)	12(2.2%)	62.9%
Profit sharing	45(7.7%)	63(10.7%)	(27.8%)
Company	64(11.0%)	75(12.9%)	(13.4%)
TBSP	10(1.6%)	9(1.5%)	9.0%
NP from operating	74(12.6%)	84(14.4%)	(11.0%)
One-time gain	91(15.3%)	189(32.1%)	(52.2%)

Company represented net profit in 2Q19 of THB 165 mil. -39.5%, when compared same quarter of last year, mainly caused by one-time gain on remeasuring on fair value for Tender Offer in TBSP in 2Q18, while company have one-time gain on sale assets of TBSP in 2Q19. Excluding one-time gain, net profit from operation of Company of THB 74 mil reduced by 11.0% q-q regarding to lower Share of Profit of associates contribution.

THB million	H1 19	H1 18	%Chg
As Reported			
Total NP	296(23.7%)	387(43.0%)	(23.5%)
TKS	68(5.4%)	46(5.2%)	46.6%
Profit sharing	116(9.3%)	143(15.8%)	(18.5%)
Company	184(14.7%)	189(21.0%)	(2.5%)
TBSP	21(1.7%)	9(0.9%)	147.7%
NP from operating	205(16.4%)	198(21.9%)	3.9%
One-time gain	91(7.3%)	189(21.1%)	(52.2%)

For 6M19, Company represented net profit of THB 296 mil. -23.5%, when compared same period of last year, mainly caused by one-time gain. Excluding one-time gain and net profit from operation of TBSP, net profit of Company of THB 184 mil reduced by 2.5% y-y regarding to lower Share of Profit of associates contribution. While, the operating of TKS increased by 46.6%, as a result of higher revenue and gross profit for the High-Valued Document.