



บริษัท อ-apiโก ไฮเทค จำกัด (มหาชน)

AAPICO HITECH PUBLIC COMPANY LIMITED

Ref No: AH 03052021

May 17, 2021

**Subject:** Management Discussion & Analysis (MD&A) for the financial statements of the 1st quarter of fiscal year 2021 ended as of March 31, 2021

**To:** The President  
The Stock Exchange of Thailand

Aapico Hitech Public Company Limited (“the Company”) would like to explain the consolidated financial statements of the Company for the 1st quarter of fiscal year 2021 ended as of March 31, 2021, which can be summarized as follows:

**1) Profit & Loss Analysis : Q1 2021**

(Unit : Million Baht unless otherwise stated)	Q1 2021	Q1 2020	Change	
			Amount	% Change
Total Revenues	5,739	5,208	532	10.21%
Sales and service income	5,586	4,920	666	13.54%
Gains on exchange rate	102	199	-96	-48.47%
Other income	50	89	-38	-43.22%
Cost of sales and services	4,912	4,421	491	11.11%
Gross Profit	675	500	175	35.06%
Gross Profit Margin (%)	12.08%	10.15%	1.93%	
SG&A expenses	390	389	1	0.15%
EBIT before share of profit (loss) from investment in associates and joint venture	438	398	40	10.04%
Share of profit (loss) from investment in associates and joint venture	87	74	13	17.49%
EBIT	525	472	53	11.21%
Interest income	1	10	-9	-88.85%
Finance cost	-87	-94	7	-7.29%
Income tax expenses	-25	-66	41	-61.80%
Net profit (loss) attributable to equity holders	411	321	90	28.10%
Net profit (loss) attributable to equity holders Margin (%)	7.16%	6.16%	1.00%	
EBITDA	773	707	66	9.34%

**Total revenue** increased by 10.21% year-on-year. Sales and service income increased by 13.54%, with 9.39% increase in automotive parts businesses and 27.76% increase in dealership businesses respectively. The increase in revenue was higher than the industry growth (in terms of volume) of 2.68% year-on-year due to the following reasons:

- 1) Automotive parts business; Increase in customer orders from existing clients and orders due to higher demand for cars and new businesses from closure of financially challenged competitors due to Covid-19.
- 2) Dealership business; Stronger sales of both dealerships in Thailand and Malaysia and openings of two new Proton dealerships in Malaysia which started in October 2020.

Demand for cars recovered strongly starting from the reopen in July 2020 which led to increasing sales volume starting from end of Q3 2020 and continuing into Q1 2021.

**Cost of sales and services** increased in accordance with higher sales. Gross profit margin increased from 10.15% in Q1 2020 to 12.08% in Q1 2021. Increase sales volume, internal cost reduction activities, productivity improvement and turnaround of Portugal contributed to the improvement of gross profit margin.

**Selling and administrative expenses** increased slightly by only 0.15% from Baht 389.26 million in Q1 2020 to Baht 389.86 million in Q1 2021.

**Core operating profit** (defined as Earnings before Interests and Taxes exclude interest income, gain (loss) on exchange rate and other irregular items) reached Baht 422.68 million in Q1 2021. Our core operating profit continued to be strong after the recovery in Q3 2020. The average core operating profit in the second half last year was Baht 366 million per quarter. Thanks to the strong recovery in the auto sector and our effort to improve our productivity triggered by Covid-19, we were able to achieve a core operating profit of Baht 422.68 million in Q1 2021.

**Gain on foreign currency exchange rate** was at Baht 102.37 million in Q1 2021, compared to a gain of Baht 198.68 million in Q1 2020, caused by depreciation of Thai Baht. Gain on foreign currency exchange was mainly associated with the USD loan related to the SGAH transaction and was non-cash in nature.

**Net profit (loss) attributable to equity holders** was Baht 410.73 million, as compared to net profit of Baht 320.64 million in Q1 2020. Net profit margin (%) improved from 6.16% in Q1 2020 to 7.16% in Q1 2021 due to the following reasons.

- 1) Better cost control, productivity improvement and volume increase leading to higher gross profit margin.
- 2) Better performance from Portugal and China operations. Portugal and China operations generated loss in Q1 2020 but turned profitable in Q1 2021.
- 3) Lower tax expenses.

## 2) Financial Position Analysis

(Unit : Million Baht)	March 2021	December 2020	Change	
			Amount	% Change
Total Assets	23,138	22,346	792	3.54%
Total Liabilities	14,917	14,605	312	2.14%
Total Equities	8,221	7,741	480	6.20%

For the first quarter of 2021, the Company's **total assets** increased by Baht 791.61 million, largely attributable to increase of property, plant and equipment, account receivables and inventories, in line with higher sale. **Total liabilities** also slightly increased by Baht 311.86 million, in line with increase in total assets. **Total shareholders' equity** increased by Baht 479.75 million driven by increase of profit during the period.

### 3) Key Financial Performance

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Return on equity (ROE)	-0.98%	-11.51%	-9.65%	2.01%	<b>3.09%</b>
Return on asset (ROA)	-0.30%	-4.20%	-3.57%	0.75%	<b>1.12%</b>
Interest bearing Debt / Equity (IBD/Equity)	1.20	1.40	1.28	1.22	<b>1.12</b>

Return on equity (ROE) and Return on assets (ROA) as of Q1 2021 were at 3.09% and 1.12% respectively. The Company's profitability indicators were higher than those of Q1 2020 as the profit improved in Q1 2021. Note that profitability in Q1 2020 was affected by one-time expenses recorded in Q4 2019 of Baht 1,083.04 million. Interest bearing debts to equity (IBD/Equity) ratio of 1.12 times as at Q1 2021; slightly improved from that of Q1 2020 at 1.20 times. IBD/Equity ratio has been improving steadily from 1.40 times in Q2 2020 to 1.12 times at Q1 2021.

### 4) Thailand Automotive Industry

(Unit: Cars)	Quarter 1		Change	
	2021	2020	Unit	%Change
Production	465,833	453,682	12,151	2.68%
Domestic	188,463	200,064	-11,601	-5.80%
Export	258,108	250,281	7,827	3.13%

Total vehicle production volume in Q1 2021 increased by 2.68% to 465,833 units, compared to 453,682 units for the same period last year. Domestic demands dropped by 5.80% to 188,463 units. However, Domestic car sales increased 23.61% in March from that of the same month last year, after two months of declines, helped by government stimulus and a motor show event. Export volume increased by 3.13% to 258,108 units as global economy continues to gradually recover.

The Company's performance last year was impacted by Covid-19 pandemic. However, the company was able to turn profitable for full year performance 2020. Car component demand continues to stay strong starting from the end of Q3 2020 and this momentum continues into this year. This was reflected in our performance in Q1 2021, which resulted in Net Profit of Baht 410.73 million. Therefore, we now operate at full capacity with two shifts in most of plants locally and globally. Looking ahead and based on the forecasts from OEMs, 2021 is expected to be a better year than 2020.

Yours sincerely,



Mr. Yeap Swee Chuan  
President & CEO