August 7, 2019

Re :   Management Discussion and Analysis for Q2/2019

To :   Director and Manager of the Stock Exchange of Thailand

Revenue from sales and rendering of services

L&E's consolidated revenue from sales of goods and rendering of services in Q2/2019 was recorded at Baht 548 million, lower 20 % Y-O-Y or Baht 136 million, largely driven by the revenue recognition delay totaling amount approx. Baht 160 million to Q3 and Q4/2019 as a result of postponed deliveries to Major Projects i.e. The New Parliament Building, The Midfield Satellite Building at Suvarnabhumi International Airport and others, and a slowdown in LED replacement energy saving programs from both Government and Private sectors. Moreover, Wholesales/Retails sales down was strongly affected by a flood of highly competitive consumers products from China arising from China – USA trade war, whilst export sales down 16% Y-O-Y was attributable to postponed delivery to customers in Vietnam.

Profit for the period

L&E's consolidated profit for the period of Q2/2019 was posted at a loss of Baht 16.2 million, compared to a profit of Baht 24.5 million a year earlier (excluding the Baht 23.7 million provision of the one-time expense for long-term employee benefits from enactment of a new labor law, company's core net profit still came at Baht 7.4 million) which can be summarized as follows:

    - Gross Profit including Other Income down Baht 31.1 million Y-O-Y due primarily to lower sales delayed to 2nd half year of 2019, and a cost adjustment for employee benefits amount Baht 6.3 million (partially out of the said provision Baht 23.7 million) made production cost higher;

     - SG&A including Interest expenses higher Baht 17.4 million Y-O-Y mainly from one-time extra expense for employee benefits amount Baht 17.4 million (partially out of the said provision Baht 23.7 million), annual salaries adjustment but lower variable sales –related expenses;

        - and a lower CIT Baht 7.7 million Y-O-Y.

Yours sincerely,

Mr. Anant Kittivittayakul

Managing Director