

February 18, 2020

Re: Management Discussion and Analysis for full year 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 for full year 2019 was recorded at Baht 2,709 million, lower Baht 214 million or 7% from a year earlier, driven by slower-than-expected of Thailand economy growth in 2019, the slowdown of Government's energy Saving programs promoting the replacement of conventional lamps to LED and the delays of sales revenue recognition resulting from product deliveries postponement to some Government projects to 2020. Furthermore, the significant flooding of Chinese goods amid the ongoing US-CHINA trade disputes has sent the market into high competition and inevitably brought down the average selling prices, thus affecting sales revenue of wholesales/ retails. And the slow economic growth in ASEAN markets stemming from Global economy slowdown in 2019 also lowered Export sales revenue.

Profit for the year of 2019

L&E's consolidated profit for full year 2019 was posted at Baht 72.2 million, down 38% or Baht 44.7 million Y-O-Y, excluding Thailand's new labor law requiring provisions for employee benefits of Baht 23.7 million (Baht 6.3 million recorded as production cost while the remaining Baht 17.4 million recognized as SG&A expense) the full year 2019 profit would have been lowered only 18% or Baht 21.0 million Y-O-Y, which can be summarized as follows :

1. Gross Profit including Other Income down Baht 22.0 million Y-O-Y , caused by lower sales revenue due primarily to the slowdown in the Government's energy savings programs and the delays of sales revenue recognition to 2020 from some Government projects as mentioned above;
2. SG&A including Interest expenses up Baht 10.8 million Y-O-Y mainly from annual salaries adjustment;
3. and lower CIT of Baht 11.6 million and non-controlling interests Baht 0.2 million

Yours sincerely,

Mr. Anant Kittivittayakul

Managing Director