



## T.K.S. Technologies Public Company Limited

### Management Discussion and Analysis

Operating Results for the three months period ended 31 March 2020

## Business Overview

### Q1'2020 Performance

Due to the COVID-19 outbreak at the beginning of 2020, Thailand have enacted several protective measures against the outbreak such as people were urged to stay home. As a result, a number of online banking transactions increased and the Group's sale volume decreased. However, the management will make utmost effort to reduce such effect by introducing new products to maintain the Group's sale volume.

#### Revenue Breakdown

<i>THB million</i>	<u>Q1'20</u>	<u>Q1'19</u>	<u>%Chg</u>
<b>As Reported</b>			
<b>Total Revenues</b>	<b>491</b>	<b>654</b>	<b>(24.9%)</b>
<i>Company</i>	<i>295</i>	<i>377</i>	<i>(21.9%)</i>
<i>TBSP</i>	<i>196</i>	<i>277</i>	<i>(29.0%)</i>

T.K.S. Technologies Public Company Limited ("Company") reported total revenues decreased by 24.9% or THB 163 mil from q-q. Excluding TBSP, Company's core revenues decreased by 21.9% or THB 82 mil from q-q, mainly caused by lower one - time revenues from High-Valued Document in Q1 19 of THB 56 mil and lower revenues from Stock forms & Office Paper Trading.

#### %Gross Profit Margin

<b>% GP</b>	<u>Q1'20</u>	<u>Q1'19</u>
<b>As Reported (% to Sales)</b>		
<b>Total GP</b>	<b>21.7%</b>	<b>25.1%</b>
<i>Company</i>	<i>19.4%</i>	<i>27.1%</i>
<i>TBSP</i>	<i>22.6%</i>	<i>21.6%</i>

For the 1<sup>st</sup> quarter 2020, consolidated %GP reported at 21.7%, while showed of 25.1% in the same quarter of last year. Excluding TBSP of 22.6% GP, Company's %GP represented at 19.4%, primary by lower Gross Profit of High-Valued Document and Flexible Packaging.

#### Selling and Administrative expenses

<i>THB million</i>	<u>Q1'20</u>	<u>Q1'19</u>	<u>%Chg</u>
<b>As Reported (% to Sales)</b>			
<b>Total SG&amp;A Exp.</b>	<b>111(22.5%)</b>	<b>95(14.6%)</b>	<b>15.8%</b>
<i>TKS</i>	<i>51(10.3%)</i>	<i>49(7.5%)</i>	<i>3.2%</i>
<i>TBSP</i>	<i>60(12.2%)</i>	<i>46(7.1%)</i>	<i>29.2%</i>

For the 1<sup>st</sup> quarter 2020, Company reported Selling and administrative expenses of THB 111 mil. (22.5%), while showed of THB 95 mil. (14.6%) in the same quarter of last year. Excluding TBSP THB 60 mil. (12.2%), Company's Selling and administrative expenses represented at THB 51 mil. (10.3%), 3.2% incremental primary by impairment losses on trade accounts receivable in accordance with Thai Financial Reporting Standard No.9, which is effective in Q1 20 of THB 1.4 mil.

Finance cost

<i>THB million</i>	<u>Q1'20</u>	<u>Q1'19</u>	<u>%Chg</u>
<b>As Reported (% to Sales)</b>			
<b>Total Financial cost</b>	<b>9.1(1.9%)</b>	<b>7.5(1.2%)</b>	<b>21.1%</b>
<i>TKS</i>	<i>1.9(0.4%)</i>	<i>1.0(0.2%)</i>	<i>82.9%</i>
<i>Extra Financial cost</i>	<i>4.4(0.9%)</i>	<i>3.5(0.5%)</i>	<i>26.6%</i>
<b>Company</b>	<b>6.3(1.3%)</b>	<b>4.5(0.7%)</b>	<b>39.4%</b>
<b>TBSP</b>	<b>2.8(0.6%)</b>	<b>3.0(0.5%)</b>	<b>(6.9%)</b>

Company consolidated finance cost for the 1<sup>st</sup> quarter 2020 of THB 9.1 mil., +21.1% 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 4.4 mil. the finance cost of Company increased by 82.9% q-q, mainly caused by short-term loans for working capital increase.

Net Profit

<i>THB million</i>	<u>Q1'20</u>	<u>Q1'19</u>	<u>%Chg</u>
<b>As Reported (% to Sales)</b>			
<b>Total Net profit</b>	<b>43(8.8%)</b>	<b>130(19.9%)</b>	<b>(66.7%)</b>
<i>TKS</i>	<i>5(0.9%)</i>	<i>48(7.3%)</i>	<i>(90.6%)</i>
<i>Profit sharing</i>	<i>49(10.1%)</i>	<i>71(10.9%)</i>	<i>(30.6%)</i>
<b>Company</b>	<b>54(11.0%)</b>	<b>119(18.2%)</b>	<b>(54.7%)</b>
<b>TBSP</b>	<b>(11)(-2.2%)</b>	<b>11(1.7%)</b>	<b>(193.2%)</b>

Company represented consolidated net profit for the 1<sup>st</sup> quarter 2020 of THB 43 mil, -66.7%, when compared same quarter of last year regarding to lower profit sharing from associated companies and Net profit from TBSP decreased. Excluding the above items, Company delivered net profit THB 5 mil, 90.6% lower than q-q, mainly caused by lower one - time revenues from High-Valued Document in Q1 19 and lower revenue from the operation of the company.