



บริษัท อีพีโก ไฮเทค จำกัด (มหาชน)

AAPICO HITECH PUBLIC COMPANY LIMITED

Ref No: AH 03052020

May 15, 2020

**Subject:** Management Discussion & Analysis (MD&A) for the financial statements of the 1<sup>st</sup> quarter of fiscal year 2020 ended as of March 31, 2020

**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 1<sup>st</sup> quarter of fiscal year 2020 ended as of March 31, 2020, which can be summarized as follows:

#### Thailand Automotive Industry

	Quarter 1		Change	
	2020	2019	Unit	% Change
Production	453,682	561,487	-107,805	-19.20%
Domestic	200,064	263,549	-63,485	-24.09%
Export	250,281	299,841	-49,560	-16.53%

Total vehicle production volume in Q1 2020 dropped by 19.20% to 453,682 units, compared to 561,487 units last year. Export Volume and Domestic demands dropped by 16.53% and 24.09% to 250,281 units and 200,064 units respectively due to the economic decline as well as the ongoing coronavirus pandemic which affected both global and domestic purchasing power.

According to FTI, the car production for 2020 is expected to be at 1.33 million cars which is comprised of 665,000 units for export and 665,000 for the domestic market.

#### Profit & Loss Analysis

(Unit : Million Baht unless otherwise stated)	Q1 2020	Q1 2019	Change	
			Amount	% Change
Total Revenues	5,217	4,479	739	16.50%
Sales and service income	4,850	4,230	620	14.67%
Gains on exchange rate	199	0	199	N/A
Interest income	10	114	-105	-91.37%
Other income	158	134	24	18.17%
Cost of sales and services	4,421	3,855	566	14.67%
Gross Profit	430	375	55	14.63%
Gross Profit Margin (%)	8.86%	8.87%	-0.01%	

(Unit : Million Baht unless otherwise stated)	Q1 2020	Q1 2019	Change	
			Amount	% Change
SG&A expenses	389	223	166	74.55%
Loss on exchange rate	-	33	-33	-100.00%
EBIT before share of profit from investment in associates and joint venture	408	368	40	10.89%
Share of profit from investment in associates and joint venture	74	-26	100	384.62%
EBIT	482	342	140	40.98%
Finance cost	-94	-65	-29	44.55%
Income tax expenses	-66	-61	-5	8.87%
Net profit (Loss) attributable to equity holders	321	217	104	48.06%
Net profit (Loss) attributable to equity holders Margin (%)	6.15%	4.84%	1.31%	
EBITDA	643	517	126	24.32%

**Total revenue** increased by 16.50% year-on-year, with 25.01% increase in sales of automotive parts and 10.30% decline in dealership revenue. The increase in sales of automotive parts are from revenue contribution of AAPICO Maia (Portugal) which the company acquired in Q4 2019. The decline in dealership revenue was from lower car sales in both Thailand and Malaysia which was partly driven by coronavirus situation in March.

**Cost of sales and services** increased in accordance with higher sales. **Gross profit margin** as a percentage of sales was maintain at 8.86% in Q1 2020. Increase sales volume of new model, internal cost reduction activities and productivity improvement helped the company to maintain gross profit margin.

**Selling and administrative** expenses were Baht 166 million higher than last year, due to consolidation of AAPICO Maia (Portugal) since Q4 2019.

**Gain on foreign currency exchange rate** was at Baht 199 million, compared to a loss of Baht 33 million in Q1 2019, caused by exchange rate fluctuation.

**Net profit attributable to equity holders** was Baht 321 million compared to Baht 217 million in Q1 2019. The major increased in the profit was due to lower loss sharing from associates and joint ventures and gain on foreign currency exchange rate.



### Financial Position Analysis

(Unit : Million Baht unless otherwise stated)	March	December	Change	
	2020	2019	Amount	% Change
Total Assets	23,071	21,246	1,825	8.59%
Total Liabilities	15,306	13,766	1,539	11.18%
Total Equities	7,765	7,480	286	3.82%

For the first quarter of 2020, the Company's **total assets and total liabilities** increased by Baht 1,825 million and Baht 1,539 million respectively, largely attributable to increase of cash and other current financial assets, account receivables, right-of-use assets, short-term loan and lease liabilities. Right-of-use assets and lease liability were recorded to reflect the right to use the underlying leased asset and obligation to make lease payments, following the new accounting standards. **Total shareholders' equity** increased by Baht 286 million, driven by increase of profit during the period.

### Key Financial Performance

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Return on equity (ROE)	14.40%	12.38%	11.04%	-2.43%	-0.98%
Return on asset (ROA)	6.80%	5.73%	5.01%	-0.86%	-0.30%
Interest bearing Debt / Equity (IBD/Equity)	0.80	0.83	0.77	1.11	1.20

Return on equity (ROE) and Return on assets (ROA) as of Q1 2020 were at -0.98% and -0.30% respectively. The Company's profitability indicators were negative in Q1 2020, mainly due to the net loss in Q4 2019 which was caused by several one-times expenses amount of approximately Baht 1,072 million. Interest bearing debts to equity (IBD/Equity) ratio was slightly higher than that of Q1 2019 at 1.20 times, primarily due to increased debt level. This change was caused by the inclusion of only 6 months performance of Aapico Maia (Portugal) vs consolidating of the total debt level.

Please be informed accordingly.

Yours sincerely,



Mr. Yeap Swee Chuan  
President & CEO