

M.D. 103/2020

August 7, 2020

Subject: Notification of quarter 1/2020 operating results and financial position

To: President of the Stock Exchange of Thailand

With reference to Kang Yong Electric Public Company Limited's submission of financial statements for quarter 1/2020 (April 2020 – June 2020) duly reviewed by a certified public accountant, we would like to give clarification on the Company's operating results and financial position as follows:

Highlights: 1st quarter of FY 2020 Operating results

Unit: Baht million	1st quarter		1st quarter		4th quarter		% Change	
	FY 2020		FY 2019		FY 2019		(YoY)	(QoQ)
Revenue from sales and services	1,828	100%	1,866	100%	2,269	100%	-2.0%	-19.4%
Gross profit	336	18.4%	245	13.1%	467	20.6%	37.0%	-28.0%
Net profit	97.7	5.3%	0.2	0.0%	324	14.3%	59088%	69.8%
Earning per share (Baht)	4.93		0.01		16.35			

Significant changes

The coronavirus disease 2019 (COVID-19) epidemic, the Company has taken preventive action in accordance with the government regulations. As a result, no employee infected. Since the end of March, the production and the sales were affected by the situation. However, since the second phase of lockdown relaxation in the middle of May, the production and the sales started recovering. Anyhow, the Company proceed with the preventive action continually. Along with, carefully continue to monitor the outbreak situation that might affect the Company's operation.

Revenue from sales of goods and rendering service

Revenue from sales of goods and rendering service for the first quarter of 2020 was Baht 1,828 million, decrease by Baht 38 million or -2.0% from the same quarter of last year and decrease by Baht 440 million or -19.4% from the previous quarter. Sales declined from the same quarter of the last year due to the sales of the refrigerator, electric fan and ventilating fan in both the domestic and export market decreased. Sales decreased from the last quarter (quarter4/2019) due to the outbreak of COVID-19 and typically, in quarter 4 is the best selling period in every year.

Gross profit margin

Gross profit margin in the first quarter of 2020 was Baht 336 million, increased by Baht 91 million or 37.0% from the same quarter of last year and decrease by Baht 131 million or -28.0% from the previous quarter. Gross profit margin increased from the same quarter of last year due to;

- Last year, the Company was affected by the amendment to the labour protection act. As a result, the products cost increased from the provision of Baht 44 million.
- The material cost decreased

Gross profit margin declined from the previous quarter due to the sales result decreased and partly affected by the COVID-19.

Net Profit

The net profit for the first quarter of 2020 was Baht 97.7 million, increased by Baht 97.5 million from the same quarter of last year and decreased by Baht 226 million or 69.8% from the previous quarter. Besides the reasons that affected the gross profit margin variation, there were the revenues and expenses variation as follows;

Net profit increased from the same quarter of last year due to the gross profit increased, selling expenses and administrative expenses decreased by Baht 45 million, other income and loss from exchange rate volatility results in profit decreased Baht 14 million.

Net profit decreased from the previous quarter due to the sales result decreased and the previous quarter, the Company gained from the dividend received Baht 171 million, which in this quarter has no dividend received.

Highlights of Financial Position

Unit: Baht million	June 30, 20	Mar 31, 20	% Change
Cash and cash equivalents	1,359	965	40.8%
Current investments	2,420	2,330	3.9%
Trade accounts receivable and other receivables	954	1,351	-29.4%
Inventories	690	785	-12.1%
Property, plant and equipment	1,492	1,536	-2.9%
Others	441	414	6.5%
Total assets	7,356	7,381	-0.3%
Trade accounts payable and other payables	972	1,145	-15.1%
Non-current provisions for employee benefits	323	318	1.6%
Others	228	184	23.9%
Total liabilities	1,523	1,647	-7.5%
Shareholders' equity	5,833	5,734	1.7%
Total liabilities and shareholders' equity	7,356	7,381	-0.3%

Total Assets

As of 30 June, 2020 the Company had total assets of Baht 7,356 million, declining from 31 March, 2020 by Baht 25 million or -0.3%, with changes in core asset items as below:

- Cash and cash equivalents was Baht 1,359 million, an increase Baht 394 million or 40.8% due to trade accounts receivable and inventories decreased.
- Current investment was Baht 2,420 million, an increase of Baht 90 million or 3.9%.
- Trade accounts receivable and other receivables was Baht 954 million, a decrease Baht 397 million or -29.4%. Trade accounts receivable as of 30 June, 2020 was Baht 903 million, decreased by Baht 216 million from 31 March, 2020 due to the sales result decreased.
- Inventories was Baht 690 million, decreased by Baht 95 million or -12.1%.

Total liabilities

As of 30 June, 2020 the Company had total liabilities of Baht 1,523 million. A decrease of Baht 124 million or -7.5% from 31 March, 2020 with changes in core items as below:

- Trade accounts payable and other payables was Baht 972 million, a decrease of Baht 173 million or -15.1% was caused by trade accounts payable decreased by Baht 145 million and other payable decreased by Baht 28 million.
- Provision for employee benefits was Baht 323 million, an increase of Baht 5 million.

Shareholders' equity

As of 30 June, 2020 the Company had shareholders' equity of Baht 5,833 million, increased by Baht 99 million or 1.7% compare with 31 March, 2020.

This is for your information.

Yours sincerely,

Takenori Adachi
President