

11 August 2020

Re: Management Discussion and Analysis for Quarter 2/2020

To: President

The Stock Exchange of Thailand

T.K.S. Technologies Public Company Limited (“TKS”) and its subsidiaries (“the Company”) would like to clarify the operating results for the three-month period ended 30 June 2020, which has been audited by a certified public accountant, as follows.

Description	Quarter 2/ 2020		Quarter 2/ 2019		YoY	
	MB	%	MB	%	MB	%
Revenue from sale of goods and rendering of services	446.5	100.0	592.5	100.0	(146.0)	(24.6)
Cost of sales of goods and rendering of services	357.9	80.1	480.8	81.1	(122.9)	(25.6)
Gross Profit	88.6	19.9	111.7	18.9	(23.1)	(20.7)
Gain on disposal of property, plant and equipment	-	-	148.0	25.0	(148.0)	(100.0)
Selling and Administrative expenses	104.4	23.4	104.9	17.7	(0.5)	(0.5)
Share of profit of investments in an associate and joint ventures	63.4	14.2	43.9	7.4	19.5	44.3
Profit for the period	39.1	8.8	165.3	27.9	(126.2)	(76.4)
Basic earnings per share (Baht)	0.08		0.32			

For the second quarter of 2020, revenue from sales and services amounted to THB 446.5 million, a decrease of 146.0 million baht or 24.6% from the same period last year. Gross profit was THB 88.6 million, a decrease of THB 23.1 million or 20.7% from the same period last year. Moreover, the Company reported a one-time gain on disposal asset in 2Q19, while selling and administrative expenses amounted to THB 104.4 million, approximately the same level as last year of THB 104.9 million. Profit sharing from investments in associates and joint ventures increase by THB 19.5 million or 44.3% from the same period last year. As a result, net profit amounted to THB 39.1 million, a decrease of THB 126.2 million or 76.4% from the same period last year. The main factor causing the operating results of the second quarter of 2020 to change more than 20% from the previous year was the one-time gain on disposal asset in 2Q19 and the decline in the sale of products in the banking and export sector due to the COVID-19 pandemic. Customers in those segments delayed their projects; however, the situation started easing towards the end of the quarter. In addition, the Company had structured its group business by transferring the entire printing business under T.K.S. Siam Press Management Co., Ltd., through a newly established subsidiary named Service Hall Co., Ltd., to TBSP Public Company Limited (which is a subsidiary in which the Company holds 97.17%). In return, TKS received 94.22 million newly issued TBSP ordinary shares, at the par value of THB 1 per share and Offer price of THB 13.8 per share. The objective of the business restructuring is to enhance efficiency of the Company's printing business.

Description	6M/ 2020		6M/ 2019		YoY	
	MB	%	MB	%	MB	%
Revenue from sale of goods and rendering of services	937.9	100.0	1,246.3	100.0	(308.4)	(24.7)
Cost of sales of goods and rendering of services	742.7	79.2	971.0	77.9	(228.3)	(23.5)
Gross Profit	195.2	20.8	275.4	22.1	(80.2)	(29.1)
Gain on disposal of property, plant and equipment	-	-	148.2	11.9	(148.2)	(100.0)
Selling and Administrative expenses	213.0	22.7	199.8	16.0	13.1	6.6
Share of profit of investments in an associate and joint ventures	112.8	12.0	112.7	9.0	0.1	0.1
Profit for the period	82.5	8.8	295.6	23.7	(213.1)	(72.1)
Basic earnings per share (Baht)	0.18		0.63			

For the first six months of 2020, the overall performance of the company decreased YoY with revenue from sales and services of THB 937.9 million, declining THB 308.4 million or 24.7% from the same year of the previous year. Furthermore, gross profit margin declined from 22.1% in the previous year to 20.8% due to the recognition of a one-time extraordinary item related to business restructuring as part of cost of goods sold and selling and administrative expenses. Consequently, the overall expenses for the first six months of 2020 were higher than the previous year's, and net profit amounted to THB 82.5 million, a decrease of THB 213.1 million or 72.1% from the same period last year, due mainly to a one-time gain from the sale of assets in the second quarter of 2019 and the impact from of the COVID-19 pandemic mentioned above.

Dividend Summary	H1 2020	H1 2019	FY2019
Dividend per share	0.06	0.20	0.60
Payout Ratio (% of Net Profit)	33.60%	31.30%	67.70%

On 11 August 2020, the meeting of the Board of Directors passed a resolution to pay an interim dividend for the fiscal year 2020 at a rate of THB 0.06 per share, totaling THB 27.7 million. The dividend payment will be made on September 2020.

Please kindly be informed accordingly.

Yours faithfully,

(Jutiphan Mongkolsuthree)

Managing Director