

No. M.D. 041/2020

12th February 2020

Subject: Notification of quarter 3/2019 operating results and financial position
To: The President of The Stock Exchange of Thailand

With reference to Kang Yong Electric Public Company Limited's submission of financial statements for quarter 3/2019 (October 2019 – December 2019) 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: 3rd quarter of FY 2019 Operating results.

Unit: Baht million	3rd quarter FY 2019		3rd quarter FY 2018		2nd quarter FY 2019		% Change (YoY)	% Change (QoQ)
Revenue from sales and services	1,559	100%	1,478	100%	2,009	100%	5.5%	-22.4%
Gross profit	257	16.5%	130	8.8%	299	14.9%	98.1%	-14.0%
Net profit	156	10.0%	40	2.7%	141.7	7.1%	286.1%	9.9%
Earning per share (Baht)	7.86		1.98		7.16			

Revenue of sales of goods and rendering service

Revenue of sales of goods and rendering service for the third quarter of 2019 was Baht 1,559 million, an increase of 5.5% from the same quarter of last year, and a decrease of 22.4% from the previous quarter. Sales increased from the same quarter of the previous year were mainly from 3-Door refrigerator products of the Japan market, and water pump in the domestic market. Sales decreased from the previous quarter, mostly from refrigerator products exported to Japan market and water pumps that sell in the domestic market.

Gross profit margin

The gross profit margin in the third quarter of 2019 was Baht 257 million. An increased of 98.1% from the same quarter of last year and a decrease of 14.0% from the previous quarter. Despite affected by the currency exchange rates causing sales decrease. However, the Company has improved sales by selling more profitable products, and the falling of raw material prices. As a result, gross profit increased from the same quarter last year but decreased from the previous quarter. With a gross margin on sales of goods and rendering service of 16.5%, higher than the same quarter last year with a gross margin of 8.8% and higher than the previous quarter with a gross margin of 14.9%

Net Profit

The net profit in the third quarter of 2019 was Baht 156 million, an increase of Baht 116 million from the same quarter of the previous year due to the gross profit increase, distribution costs decrease, administrative expenses decrease and investment income increase. As a result, the net profit ratio for the third quarter of 2019 was 10%.

Highlights of Financial Position

Unit: Baht million	Dec 31, 19	Mar 31, 19	% Change
Cash and cash equivalents	805	790	1.9%
Current investments	2,230	2,100	6.2%
Trade accounts receivable and other receivables	914	1,345	-32.0%
Inventories	916	897	2.1%
Property, plant and equipment	1,514	1,422	6.5%
Others	380	392	-3.1%
Total assets	6,759	6,946	-2.7%
Trade accounts payable and other payables	865	1,360	-36.4%
Non-current provisions for employee benefits	312	237	31.6%
Others	158	132	19.7%
Total liabilities	1,335	1,729	-22.8%
Shareholders' equity	5,424	5,217	4.0%
Total liabilities and shareholders' equity	6,759	6,946	-2.7%

Total Assets

As of December 31, 2019, the Company had total assets of Baht 6,759 million, declining from March 31, 2019, by Baht 187 million or 2.7%, with changes in core asset items as below:

- Cash and cash equivalents were Baht 805 million as of December 31, 2019, an increase Baht 15.0 million, or 1.9%.
- Current investments were Baht 2,230 million as of December 31, 2019, an increase Baht 130 million, or 6.2% due to the rise of fixed deposits.
- Trade account receivables and other receivables were Baht 914 million as of December 31, 2019, a decrease of Baht 431 million, or 32.0%. Trade accounts receivable as of December 31, 2019, amounted to Baht 763 million, a decrease of Baht 557 million, from March 31, 2019, due to lower sales when compared with March 2019.
- Inventories were Baht 916 million as of December 31, 2019, an increase of Baht 19 million. Finished goods principally increased from the production of the new models which will be launched in January 2020 onward.
- Property, plant and equipments were Baht 1,514 million as of December 31, 2019, an increase Baht 92 million, or 6.5%, mainly were mold investments for the new models, and machinery and equipment investments to improve production efficiency.



Total liabilities

As of December 31, 2019, the Company had total liabilities of Baht 1,335 million. A decrease of Baht 394 million or 22.8% from March 31, 2019, with changes in core items as below:

- Trade accounts payable and other payables were Baht 865 million as of December 31, 2019, a decrease of Baht 495 million, or 36.4% caused by trade accounts payable decreased by Baht 244 million. Other receivables reduced by Baht 251 million, mainly from the decline in royalty fees by Baht 143 million.
- Provision for employee benefits Baht 312 million, an increase of Baht 75 million, mostly as a provision for employee benefits on retirement increased by Baht 57 million due to the revision of the Labor Protection Act, which effective since May 2019.

Shareholders' equity

As of December 31, 2019, the Company had shareholders' equity of Baht 5,424 million, an increase of Baht 207 million compared to March 31, 2019, with changes in core items as below:

- As a result of operations and return on investment, the total comprehensive income for the nine-month period increased by Baht 297 million.
- In August 2019, the Company paid dividends to shareholders in the amount of Baht 90 million at the rate of 4.55 baht per share, according to the resolution of the Annual General Meeting of Shareholders as of July 25, 2019.
- At the Board of Directors' meeting of the Company held on August 8, 2019, the Board approved the resale of 2.2 million treasury shares and determined the period for resale of the treasury shares starting from August 27, 2019, to September 9, 2019. At the end of the resale period of the treasury shares, the Company was unable to resell the entire treasury shares and had 2.2 million unsold treasury shares in total. The Company then reduced share capital and paid-up capital from Baht 220 million to Baht 198 million by write-off all 2.2 million unsold treasury shares at the par value of Baht 10 per share totaling Baht 22 million and write-off all treasury shares and treasury shares reserve from equity. The Company has registered for reduction of share capital with the Department of Business Development, Ministry of Commerce on September 12, 2019.

This is for your information.

Yours sincerely,



(Mr. Praphad Phodhivorakhun)
Chairman of the Board of Directors

(Mr. Takenori Adachi)
President