

T.K.S. Technologies Public Company Limited
Management Discussion and Analysis
Operating Results for the period ended 31 December 2019

Business Overview

2019 Performance

Revenue Breakdown

Unit : THB million

	<u>Y2019</u>	<u>Y2018</u>	<u>Change</u> (%)
<u>As Reported</u>			
Total revenues	2,497	2,052	21.7%
<i>TKS</i>	<i>1,416</i>	<i>1,257</i>	<i>12.5%</i>
<i>TBSP</i>	<i>1,081</i>	<i>795</i>	<i>35.9%</i>

T.K.S. Technologies Public Company Limited (“the Company”) started consolidating operating results from the acquisition of TBSP Public Company Limited (“TBSP”) from 4 April 2018, and reported an increase in total revenues of THB 455 million in 2019, or 21.7% increase from a year earlier. Excluding revenues from TBSP, revenue growth would have been THB 159 million, or 12.7% increase from last year, mainly caused by higher revenues from High-Valued Document and Digital Print and Mail.

%Gross Profit Margin

Unit: %

	<u>Y2019</u>	<u>Y2018</u>
<u>As Reported (% to Sales)</u>		
Gross profit margin	21.3%	21.0%
<i>TKS</i>	<i>23.4%</i>	<i>23.6%</i>
<i>TBSP</i>	<i>18.6%</i>	<i>16.9%</i>

Gross profit margin in 2019 was 21.3% in comparison to 21.0% in 2018. Excluding TBSP’s gross profit margin of 18.6%, the Company’s gross profit margin in 2019 was 23.4%, slightly decline from a year earlier, primary by lower Gross Profit of Packaging & Label.



Selling and Administrative expenses

	Unit : THB million		Change (%)
	Y2019	Y2018	
As Reported (% to Sales)			
Total SG&A Exp.	402(16.1%)	358(17.5%)	12.4%
<i>TKS</i>	218(8.7%)	232(11.3%)	(6.3%)
<i>TBSP</i>	184(7.4%)	126(6.2%)	45.3%

In 2019, selling and administrative expenses amounted to THB 402 million, or 16.1% of total revenues, while in 2018, these expenses amounted to THB 358 million, or 17.5% of total revenues. Excluding TBSP's selling and administrative expenses of THB 184 million (or 7.4% of total revenues), the Company's expenses amounted to THB 218 million, or 15.4% of total revenues, which was 6.3% lower than last year which came from more effective management in logistic & distribution.

Financial cost

	Unit : THB million		Change (%)
	Y2019	Y2018	
As Reported (% to Sales)			
Financial cost	34(1.4%)	27(1.3%)	25.6%
<i>TKS</i>	6(0.3%)	7(0.3%)	(2.5%)
<u><i>Extra financial cost</i></u>	<u>16(0.6%)</u>	<u>11(0.6%)</u>	<u>40.9%</u>
<i>TKS</i>	23(0.9%)	18(0.9%)	25.0%
<i>TBSP</i>	11(0.5%)	9(0.4%)	26.9%

Financial costs in 2019 amounted to THB 34 million, an increase of 25.6% from last year regarding to TBSP consolidation and extra finance cost from additional long-term loan for Tender Offer in TBSP. Excluding the extra cost of THB 16 million, financial cost of Company reduced by 2.5% from last year.



Net Profit

	Unit : THB million		Change
	Y2019	Y2018	(%)
As Reported			
Net profit	410	303	26.9%
TKS	285	326	(12.5)%
TBSP	33	0.5	7,182%
Non-recurring profit*	92	-	100%
Non-recurring profit**	-	213	(100)%
Non-recurring loss ^{A)}	-	(212)	100%
Non-recurring loss ^{B)}	-	(24)	100%

Net profit for 2019 amounted to THB 410 million, an increase of 35.31% from 2018, mainly caused by higher non-recurring profit in 2019 and the correction of the recording of income tax expenses of a subsidiary, in which the Company holds 100%, result to decrease Net profit for 2018. Excluding such extraordinary items, net profit of Company of THB 285 million, 12.5% lower than last year, mainly as a result of lower profit sharing from associated companies.

* Non-recurring profit in 2019 was a result of the sale of asset of TBSP in Q2 19, recognized from %Holding TBSP of 79.74% in the amount of THB 92 million, according to the Thai Accounting Standard.

** Non-recurring profit in 2018 was a result of revaluation of the fair value of 19.89% stake in TBSP before the acquisition, totaling THB 213 million, according to the Thai Accounting Standard.

A) Non-recurring loss in 2018 was a result of the impairment of goodwill from investment in TBSP, according to the Thai Accounting Standard.

B) Non-recurring loss in 2018 was a result of the impairment of assets in a 51% joint venture, according to the Thai Accounting Standard.

Financial Position

THB million	Dec. 19	Dec. 18	%Chg
As Reported			
Total Assets	4,246	4,074	4.2%
Operating Assets	3,756	3,584	4.8%
Goodwill	490	490	100%
Total Liabilities	1,752	1,433	22.3%
Total Equity	2,494	2,641	(5.6%)

Consolidated financial position as at 31 December 2019 represented healthy with total assets THB 4,246 million, g+4.2% compared with ending 2018. Without Goodwill of THB 490 million, Company showed total assets of THB 3,756 million. While total liabilities accounted THB 1,752 million and total equity showed at THB 2,494 million.