

May 8, 2018

The Director and Manager
 The Stock Exchange of Thailand

Re: Information on First Quarter of 2018 Operating Results

KCE Electronics PCL has the pleasure of submitting first quarter of 2018 operating results of the Company and its subsidiaries ("the Group") based on reviewed consolidated financial statements for the three-month period ended March 31, 2018. The Group's sales and net profit totaled Bt3,440.2 million and Bt516.7 million, respectively, compared to Bt3,536.4 million and Bt662.2 million in the first quarter of 2017. A summary of the Company's operating performance in the first quarter of 2018 and 2017 is shown in the following table:

[Amount in Baht Million]	1Q18	4Q17	<i>% Change</i> Q-o-Q [1Q18vs 4Q17]	1Q17	<i>% Change</i> Y-o-Y [1Q18vs 1Q17]	
Sales Revenue	3,440.2	3,391.6	+1.4%	3,536.4	-2.7%	
[Sales Revenue, USD	\$109.1	\$103.6	+5.3%	\$101.3	+7.7%]
Cost of Sales	2,551.4	2,433.4		2,452.5		
Gross margin, (%)	25.84%	28.25%		30.65%		
SG & A	466.2	404.3		443.5		
Net Profit	516.7	597.6	-13.5%	662.2	-22.0%	
	15.02%	17.62%		18.73%		

Total Revenue

Consolidated sales revenue in Baht terms rose slightly to Bt3,440 million in 1Q18, representing an increase of 1.4% Q-o-Q, but a reduction of approximately 2.7% Y-o-Y, while sales revenue in USD terms grew by 5.3% Q-o-Q and 7.7% Y-o-Y. The slight Sales growth in Baht terms was due to the THB's strengthening against the USD and EUR in the period. The increase in revenue was primarily due to volume growth of 6.6% Q-o-Q and 3% Y-o-Y that was supported by an increase in capacity from the Phase 3 at the new plant. Sales in 1Q18 represented new prices for delivery that took effect in January 2018 with an effective markdown of nearly 2%.

Cost of Sales and Gross Profit

The profit margin in 1Q18 dropped Q-o-Q and Y-o-Y due to the effect of an annual selling price adjustment, a change in foreign currency exchange rate and an increase in the cost of goods sold resulting from a continuously high cost of raw materials Copper, Copper Foil, Laminate and Fiber glass. However, an increase in capacity and efficiency gained from Phase 3 of the new plant that supported volume growth helped lessen the effect of the above on profit margin.

Administrative and Selling Expenses

Selling, general, and administrative expense as a percent of sales increased slightly to 13.5% in 1Q18 compared to 12.5% in the same period in previous year. Selling expense increased in line with higher sales volumes. Administrative expense increased mainly because of higher staff costs due to a higher headcount and annual salary increases. In addition, after the business combination took effect, general administrative and selling expenses of KCE America's sales office was included into the Group's P&L.

Net Profit

The Group reported a consolidated net profit of Bt516.7 million in 1Q18, representing a reduction of 13.5% Q-o-Q and 22% Y-o-Y. The decrease was primarily due to an increase in the cost of goods sold, a reduction in gross margin and the effect of a change in foreign currency exchange rates. In addition, the company realized a gain of Bt.40.8 million on its previously-held equity interest in an associate (KCE America, Inc.) prior to its change in status to that of a subsidiary. This resulted in basic earnings per share of Bt0.88 for the first quarter of 2018.

Total Asset

Total assets as of March 31, 2018 amounted to Bt18,037 million, consisting of current assets of Bt7,658 million; property, plant and equipment of Bt9,563 million net; intangible assets of Bt310 million; investment property of Bt166 million; goodwill of Bt176 million; investments in associates of Bt41 million; deferred tax assets of Bt54 million; and other non-current assets of Bt69 million.

The increase in total assets of Bt186 million from December 31, 2017, was due mainly to an increase in cash of Bt122 million, an increase of Bt54 million for the value of property, plant and equipment acquired for the additional investment in new factory (Phase 3) and the KCEA's property of Bt167 million, a decline of Bt341 million for the value of trade receivable and other receivable, an increase of Bt358 million of inventory, and an increase of Bt58 million for the Goodwill.

Total Liabilities

Total liabilities decreased from Bt6,576 million at the end of 2017 to Bt6,246 million as of March 31, 2018; short-term debt as well as the long term loan decreased due to increased cash flow from operations and as the Company repaid the long-term loan in advance.

As of March 31, 2018, Net Interest-bearing Debt to Equity improved from 0.31 to 0.25 times as a result of lower debts and higher equity.

Shareholders' Equity

As of March 31, 2018, shareholders' Equity was Bt11,790 million, an increase of Bt516 million, mainly due to operating profit from the period.

Analysis of performance

Gross Profit Margin was affected by two major factors:

- 1) A change in foreign currency exchange rates

Table 1: Foreign currency exchange rates and sales in foreign currency

(Unit: Million)

Currency	1Q 2018		4Q 2017		Effect Q-o-Q		1Q 2017		Effect Y-o-Y	
	Rates	Sales	Rates	Sales	%	(Loss) M Baht	Rates	Sales	%	(Loss) M Baht
USD	31.5288	\$81.74	32.7609	\$77.12	-3.8	-100.71	34.9124	\$76.63	-9.7	-276.56
EUR	38.2974	€11.11	38.4379	€10.55	-0.4	-1.56	37.0433	€11.66	3.4	13.93
GBP	0.0000	£0.00	43.3047	£0.00	0.0	0.00	42.8288	£0.86	0.0	0.00
CNY	4.8797	¥10.61	4.9200	¥14.11	-0.8	-0.43	4.8797	¥0.00	0.0	0.00
Total effect						-102.69				-262.63

2) A higher cost of main raw materials

Table 2: Raw material prices and purchased volume

The effect from copper was about 2.2 % on product sales price.

	1Q 2018		4Q 2017		Effect Q-o-Q		1Q 2017		Effect Y-o-Y	
	Unit price	Volume	Unit price	Volume	%	'000 US\$	Unit price	Volume	%	'000 US\$
Copper Foil (KCE) KG.	\$11.17	591,461	\$12.45	367,161	-10.28%	-757.21	\$10.54	450,601	5.98%	372.74
Copper Foil (TLM) KG.	\$11.10	880,286	\$10.79	729,897	2.88%	273.58	\$10.04	682,349	10.59%	935.23
Copper Anode KG.	\$7.52	514,000	\$7.31	396,000	2.84%	106.64	\$6.32	375,000	19.05%	618.53
Fiber glass METRE	\$0.74	5,644,145	\$0.72	5,197,970	2.53%	102.68	\$0.70	4,938,758	5.33%	210.70

Table 3: Consignment

In 1Q 2018, consignment sales were totally realized.

(Amount: in Baht Million)

	1Q 2018			1Q 2017		
	Sales	Usage	Unrealized revenue	Sales	Usage	Unrealized revenue
January	263.3	271.5		246.4	143.5	
February	226.5	237.4		240.6	235.1	
March	287.6	293.2		310.9	296.9	
Total 1Q	777.5	802.1	-24.6	797.9	675.4	122.5

Table 4: Sales and volume sold, by region (PCB Sales @ Factory price)

								% Increase	
								Y-o-Y	Q-o-Q
		1Q17	2Q17	3Q17	4Q17	Y2017	1Q18	1Q18vs1Q17	1Q18vs4Q17
EUROPE	SALES-USD	44,921,913	45,548,062	50,501,621	42,603,831	183,575,427	48,915,225		
	VOLUME-SQFT	3,753,989	3,763,686	4,134,137	3,392,678	15,044,490	3,936,341	4.86	16.02
USA	SALES-USD	13,419,479	15,180,380	15,154,808	14,549,303	58,303,970	15,455,535		
	VOLUME-SQFT	1,099,769	1,206,647	1,209,021	1,152,000	4,667,436	1,257,933	14.38	9.20
ASIA	SALES-USD	31,712,066	30,794,423	28,822,898	31,573,879	122,903,266	29,569,038		
	VOLUME-SQFT	2,382,909	2,344,697	2,170,651	2,387,190	9,285,448	2,248,454	(5.64)	(5.81)
LOCAL	SALES-USD	7,017,286	7,111,616	6,926,361	7,629,212	28,684,475	7,778,443		
	VOLUME-SQFT	711,439	683,834	672,189	743,639	2,811,102	739,152	3.90	(0.60)
TOTAL	SALES-USD	97,070,745	98,634,481	101,405,688	96,356,225	393,467,138	101,718,241		
	VOLUME-SQFT	7,948,106	7,998,864	8,185,998	7,675,508	31,808,476	8,181,881	2.94	6.60

Table 5: Sales and volume sold, by product mix (PCB Sales @ Factory price)

								% Increase	
								Y-o-Y	Q-o-Q
PD-Mix		1Q17	2Q17	3Q17	4Q17	Y2017	1Q18	1Q18vs1Q17	1Q18vs4Q17
02	SALES-US\$	16,448,165	15,979,055	16,834,123	16,485,315	65,746,657	16,731,973	1.73	1.50
	VOLUME-SQFT	1,900,164	1,812,760	1,892,927	1,853,112	7,458,962	1,903,532	0.18	2.72
04	SALES-US\$	47,136,070	48,345,251	50,625,388	45,477,676	191,584,385	49,238,128	4.46	8.27
	VOLUME-SQFT	4,092,656	4,181,369	4,360,887	3,861,597	16,496,509	4,237,670	3.54	9.74
>06	SALES-US\$	29,222,282	29,782,012	29,488,323	30,648,182	119,140,799	30,070,231	2.90	(1.89)
	VOLUME-SQFT	1,777,034	1,811,780	1,753,875	1,817,231	7,159,921	1,807,683	1.72	(0.53)
Special	SALES-US\$	4,264,228	4,528,164	4,457,854	3,745,051	16,995,297	5,677,909	33.15	51.61
	VOLUME-SQFT	178,252	192,955	178,309	143,567	693,084	232,995	30.71	62.29
TOTAL-US\$		97,070,745	98,634,481	101,405,688	96,356,225	393,467,138	101,718,241	4.79	5.56
TOTAL-SQFT		7,948,106	7,998,864	8,185,998	7,675,508	31,808,476	8,181,881	2.94	6.60

Table 6: KCE New Plant Capacity (Maximum)

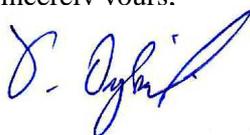
1Q2018	1.5 million sq.ft /month
2Q2018 (Plan)	1.5 million sq.ft /month
3Q2018 (Plan)	1.7 million sq.ft /month
4Q2018 (Plan)	1.7 million sq.ft /month

Table 7: Capital Expenditure

Capital Budget in 2018 USD15 million

Forwarded for your information.

Sincerely yours,



(Mrs.Voraluksana Ongkosit)
Executive Vice Chairperson

