

May 9, 2017

The Director and Manager
 The Stock Exchange of Thailand

Re: Information on First Quarter of 2017 Operating Results

KCE Electronics PCL has the pleasure of submitting first quarter of 2017 operating results of the Company and its subsidiaries ("the Group") based on reviewed consolidated financial statements for the three-month period ended March 31, 2017. The Group's sales and net profit totaled Bt3,536.4 million and Bt662.2 million, respectively, compared to Bt3,529.2 million and Bt751.0 million in the first quarter of 2016. A summary of the Company's operating performance in the first quarter of 2017 and 2016 is shown in the following table:

[Amount: in Baht Million]	1Q17	4Q16	<u>Change</u> Q-o-Q [1Q17 VS. 4Q16]	1Q16	<u>Change</u> Y-o-Y [1Q17 VS. 1Q16]
Sales Revenue	3,536.4	3,174.5	+11.4%	3,529.2	+ 0.2%
Cost of Sales	2,452.5	2,094.1		2,331.2	
Gross margin, (%)	30.65%	34.03%		33.95%	
Selling & Administration	443.5	380.5		423.0	
Operating Profit*	623.0	661.0	- 5.7%	727.9	-14.4%
Net Profit	662.2	689.9	- 3.9%	751.0	-11.8%

[Remark* Operating profit excludes foreign exchange rate effects]

Consolidated sales revenue in Baht terms rose slightly Y-o-Y from Bt3,529.2 million in 1Q16 to Bt3,536.4 million in 1Q17, and increased by 11.4% from 4Q16. The slight Sales growth Y-o-Y was due to the THB's strengthening against the USD and EUR in the period. The Q-o-Q increase in revenue was primarily due to sales volume growth that was supported by an increase in capacity from the initial investment in Phase 3 at the new plant. Sales in 1Q17 represented new prices for delivery that took effect in January 2017 with an effective cut in selling price of about 2% on average. Unrealized consignment sales accounted for approximately 3% of total sales in 1Q17 while consignment sales had not yet been implemented in 1Q16.

The profit margin in 1Q17 dropped due to the effect of the annual selling price adjustment, a FX effect and an increase in the cost of goods sold resulting from a higher cost of raw materials Copper, Copper Foil, Laminate and Fiber glass. However, an increase in capacity and efficiency gained from the latest investment that supported sales volume growth helped lessen the effect of the above on profit margin.

Selling, general, and administrative expense as a percent of sales increased slightly to 12.5% in 1Q17 compared to 12.0% in the previous quarter. Selling expense increased in line with higher sales volumes and a change in the



sales commission structure. Administrative expense increased mainly as a result of higher staff costs due to a higher headcount, a minimum wage adjustment and annual salary increases.

The Group reported a consolidated net profit of Bt662.2 million for 1Q17, or a 3.9% decrease from Bt689.9 million in 4Q16. The decrease was primarily due to the reduction in profit margin and the effect of a change in foreign currency exchange rates. This resulted in basic earnings per share of Bt1.13 for the first quarter of 2017.

An additional investment in the Phase 3 of the new plant is planned in the second quarter of 2017, which will commence operation in the third quarter of this year. With the additional capacity utilization from Phase 3, management believes the Company's earnings for the full-year 2017 will remain strong.

Forwarded for your information.

Sincerely yours,



(Mr. Pitharn Ongkosit)

President and Chief Executive Officer