

May 10, 2016

The Director and Manager  
 The Stock Exchange of Thailand

Re: Information on First Quarter of 2016 Operating Results

KCE Electronics PCL has the pleasure of submitting first quarter of 2016 operating results of the Company and its subsidiaries ("the Group") based on reviewed consolidated financial statements for the three-month period ended March 31, 2016. The Group's sales and net profit totaled Bt3,529.2 million and Bt751.0 million, respectively, compared to Bt2,882.3 million and Bt511.1 million in the first quarter of 2015. A summary of the Company's operating performance in the first quarter of 2016 and 2015 is shown in the following table:

[Amount: in Baht Million]	1Q16	4Q15	<u>Change</u> Q-o-Q [1Q16 VS. 4Q15]	1Q15	<u>Change</u> Y-o-Y [1Q16 VS. 1Q15]
Sales Revenue	3,529.2	3,218.4	+ 9.7%	2,882.3	+ 22.4%
Cost of Sales	2,331.2	2,131.3		2,050.5	
Gross margin, (percentage)	33.95%	33.78%		28.86%	
Selling & Administration	423.0	399.5		344.3	
Operating Profit*	727.9	630.8	+ 15.4%	457.3	+59.2%
Net Profit	751.0	665.4	+ 12.9%	511.1	+46.9%

[ Remark\* Operating profit excludes foreign exchange rate effects]

***1Q16 Earnings Reached a New High***

Consolidated sales revenue rose from Bt2,882.3 million in 1Q15 to Bt3,529.2 million in 1Q16, representing growth of approximately 22% Y-o-Y and an increase of 9.7% Q-o-Q from 4Q15. The growth in revenue was primarily due to higher volumes supported by an increase in capacity utilization from Phase 1 & 2 at the new plant.

The profit margin improved significantly following an increase in capacity utilization during the first quarter at the new plant; however, the latest negotiated selling price was adjusted down for deliveries in 1Q16. As a result, the net profit margin was partially depressed. Despite the cuts in prices, the average gross profit margin still increased slightly from 33.78% in 4Q15 to 33.95% in 1Q16.

Selling, general, and administrative expense as a percent of sales decreased slightly to 12.0% in 1Q16 compared to 12.4% in the previous quarter. Selling expense increased slightly as sales volumes rose. Administrative expense increased as a result of higher staff cost and costs associated with the shutdown of the old plant, but this also included additional staff expense for prior year.

Operating profit reached a new high of Bt727.9 million during 1Q16, representing an increase of 59.2% Y-o-Y and 15.4% Q-o-Q. The increase was the result of higher sales levels and better economies of scale at the new plant, partially offset by higher finance costs. In addition, a cost saving from the shutdown of the old plant was realized for a full quarter in 1Q16.

The Group reported a consolidated net profit of Bt751.0 million for 1Q16, or a 46.9% increase from Bt511.1 million in 1Q15. The development was primarily the result of business expansion of the new plant and partly

due to the effect of changing foreign currency exchange rates. This resulted in basic earnings per share of Bt1.31 for the first quarter of 2016.

Additional investment in debottlenecking required, for the new plant Phase 3, is planned during the second half of 2016 and will commence operation in the first quarter of next year. With the full capacity utilization from Phase 2 during this year, management believes earnings will continue to be strong in the following quarters and for the full year in 2016.

Forwarded for your information.

Sincerely yours,



(Mrs. Voraluksana Ongkosit)  
Executive Vice Chairperson

