

May 12, 2020

The Director and Manager
The Stock Exchange of Thailand

Re: Information on First Quarter of 2020 Operating Results

KCE Electronics PCL has the pleasure of reporting the operating results of the Company and its subsidiaries ("the Group") for the first quarter of 2020 based on reviewed consolidated financial statements for the three-month period ended March 31, 2020. The Group's sales and net profit totaled Bt3,259.7 million and Bt424.8 million, respectively, compared to Bt3,113.9 million and Bt268.6 million in the first quarter of 2019. A summary of the Company's operating performance in the first quarter of 2020 and 2019 is shown in the following table:

[Amount in Baht Million]	1Q20	4Q19	<u>% Change</u> Q-o-Q [1Q20 VS. 4Q19]	1Q19	<u>% Change</u> Y-o-Y [1Q20 VS. 1Q19]	
FX: THB/USD	31.1053	30.0127		31.3204		
Sales Revenue, THB	3,259.7	2,902.4	+12.3%	3,113.9	+4.7%	
[Sales Revenue, USD	\$104.8	\$96.7	+8.4%	\$99.4	+5.4%]
Cost of Sales	2,477.7	2,311.5		2,457.1		
Gross margin, %	23.99%	20.36%		21.09%		
SG & A	429.9	372.4		403.1		
Net Profit per F/S	424.8	251.8	+68.7%	268.6	+58.2%	
	13.03%	8.68%		8.63%		

Sales Revenue

Consolidated sales revenue in Baht terms increased to Bt3,259.7 million in 1Q20, representing an increase of 12.3% Q-o-Q and 4.7% Y-o-Y, while sales revenue in USD terms grew by 8.4% Q-o-Q and 5.4% Y-o-Y. The higher revenue recognition in Baht terms was due to the weakening Thai baht against the US dollar and Euro in the period, which resulted in THB sales increasing by Bt93 million (Table 1). The increase in revenue in 1Q20 was due mainly to an increase in sales volume by 12% Q-o-Q and 8% Y-o-Y (Table 5), particularly of special grade products, and a ramping up of production from sales contracts won in previous years.

Nevertheless, sales revenue was negatively impacted by unrealized consignment sales of Bt94 million (Table 3) and a backlog of orders of about Bt115 million at the end of the quarter. In addition, new prices that took effect in January 2020 represented an effective markdown of about 1.7% of sales. Lockdowns implemented by



many countries due to COVID-19 caused difficulty in the supply chain, which led to deferrals of some order delivery schedules from March to April and May.

Cost of Sales and Gross Profit

The gross profit margin as a percentage of sales widened both Q-o-Q and Y-o-Y to 23.99% in 1Q20 following an increase in capacity utilization at all PCB facilities during the first quarter, while defect rates gradually improved and several cost reduction initiatives were taken up. In addition, the THB depreciation and a decline in the price of copper used in the production process helped reduce the cost of goods sold, despite an annual adjustment in selling price.

Administrative and Selling Expenses

Selling, general, and administrative expense as a percent of sales increased slightly to 13.2% in 1Q20 compared to 12.9% in the same period the previous year. Selling expense increased in line with higher sales. Administrative expense increased Y-o-Y mainly because of an adjustment of staff costs and retirement benefits and an increase in R&D expense.

Net Profit

The Group reported a consolidated net profit of Bt424.8 million in 1Q20, representing a substantial increase of 68.7% Q-o-Q and 58.2% Y-o-Y. The strong performance was the result of better efficiency, revenue growth and effect of the Thai Baht depreciation, whereas the gross margin widened and SG&A remained stable. This resulted in basic earnings per share of Bt0.36 for the first quarter of 2020.

Total Asset

Total assets as of March 31, 2020, amounted to Bt17,370 million, consisting of current assets of Bt7,627 million; property, plant and equipment of Bt8,731 million net; intangible assets of Bt249 million; contract costs assets of Bt280 million; investment property of Bt161 million; goodwill of Bt154 million; investments in associates of Bt44 million; deferred tax assets of Bt78 million; and other non-current assets of Bt46 million.

An increase in assets of Bt869 million from Bt16,501 million at the end of 2019, was due mainly to an increase in cash of Bt426 million, an increase in the value of trade receivable and other receivable of Bt353 million, an increase in inventory of Bt189 million, an increase in contract costs of Bt48 million and a decrease in the value of property, plant and equipment of Bt187 million.

Total Liabilities

Total liabilities increased from Bt4,739 million at the end of 2019 to Bt5,160 million as of March 31, 2020; short-term debt as well as the long term loan decreased due to increased cash flow from operations; trade and other current payables increased to support higher requirement for production.

As of March 31, 2020, Net Interest-bearing Debt to Equity improved from 0.18 to 0.16 times as a result of lower debts and higher equity.

Shareholders' Equity

As of March 31, 2020, shareholders' Equity was Bt12,210 million, an increase of Bt448 million, mainly due to operating profit from the period.

Analysis of performance

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

(Unit: Million)

Currency	1Q 2020		4Q 2019		Q-o-Q Effect		1Q 2019		Y-o-Y Effect	
	Rates	Sales	Rates	Sales	%	Gain (Loss) M Baht	Rates	Sales	%	Gain (Loss) M Baht
USD	31.1053	\$74.43	30.0127	\$70.18	3.6	81.33	31.3204	\$73.13	(0.7)	(16.01)
EUR	34.1773	€9.42	33.0478	€9.64	3.4	10.64	35.3588	€11.11	(3.3)	(11.13)
CNY	4.4116	¥7.98	4.2104	¥11.34	4.8	1.61	4.5919	¥8.79	(3.9)	(1.44)
Total Effect						93.58				(28.58)

Table 2: Raw material prices and purchased volume

		1Q 2020		4Q 2019		Q-o-Q Effect		1Q 2019		Y-o-Y Effect	
		Unit price	Volume	Unit price	Volume	%	'000 US\$	Unit price	Volume	%	'000 US\$
Copper Foil (KCE)	KG.	\$9.51	361,478	\$8.98	471,956	5.98	194.19	\$10.08	374,782	(5.61)	(204.40)
Copper Foil (TLM)	KG.	\$9.33	653,817	\$9.00	657,939	3.62	213.21	\$9.91	646,416	(5.88)	(380.70)
Copper Anode	KG.	\$6.48	425,000	\$6.33	362,000	2.35	63.20	\$6.64	398,000	(2.52)	(71.18)
Fiber glass	METRE	\$0.58	4,331,001	\$0.61	3,707,911	(4.37)	(115.50)	\$0.72	4,407,706	(18.95)	(590.80)
Total US\$							355.10	Total US\$			(1,247.08)

Table 3: Consignment Sales

(Amount: in Baht Million)

	1Q 2020			1Q 2019		
	Stock Filling	Usage	Unrealized revenue	Stock Filling	Usage	Unrealized revenue
January	307.0	219.9		223.5	233.6	
February	294.6	313.9		199.1	278.8	
March	323.3	297.5		224.4	266.5	
Total 1Q	924.9	831.3	93.6	647.0	778.9	-131.9



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

								% Incr. (Decr.)	
		1Q19	2Q19	3Q19	4Q19	Y2019	1Q20	Y-o-Y	Q-o-Q
		1Q20 / 1Q19					1Q20 / 4Q19		
EUROPE	SALES-USD	49,291,162	46,911,973	48,227,557	47,249,824	191,680,516	50,315,133	2.88	9.53
	VOLUME-SQFT	3,863,956	3,754,761	3,668,200	3,629,523	14,916,440	3,975,257		
USA	SALES-USD	16,602,960	17,525,709	20,610,785	15,577,947	70,317,402	20,031,233	17.04	32.37
	VOLUME-SQFT	1,430,275	1,455,111	1,634,305	1,264,631	5,784,321	1,673,992		
ASIA (Excl.CHINA)	SALES-USD	7,483,324	6,723,753	7,796,395	7,711,365	29,714,837	8,197,537	2.82	7.21
	VOLUME-SQFT	567,976	515,794	581,433	544,734	2,209,937	583,998		
CHINA	SALES-USD	9,003,746	10,284,849	10,000,244	10,444,313	39,733,150	8,816,259	5.51	(13.53)
	VOLUME-SQFT	698,438	795,076	790,305	852,271	3,136,089	736,956		
LOCAL	SALES-USD	7,416,947	7,119,307	7,523,765	7,412,350	29,472,370	8,704,227	23.92	28.12
	VOLUME-SQFT	705,949	674,096	699,108	682,821	2,761,974	874,819		
TOTAL	SALES-USD	89,798,140	88,565,592	94,158,746	88,395,798	360,918,275	96,064,388	6.98	8.68
	VOLUME-SQFT	7,266,594	7,194,837	7,373,351	6,973,980	28,808,762	7,845,022	7.96	12.49

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

								% Incr. (Decr.)	
		1Q19	2Q19	3Q19	4Q19	Y2019	1Q20	Y-o-Y	Q-o-Q
		1Q20 / 1Q19					1Q20 / 4Q19		
PD-Mix		1Q19	2Q19	3Q19	4Q19	Y2019	1Q20	1Q20 / 1Q19	1Q20 / 4Q19
02	SALES-US\$	13,099,949	13,026,667	12,913,836	11,155,407	50,195,860	13,633,277	4.07	22.21
	VOLUME-SQFT	1,530,033	1,527,002	1,497,208	1,286,388	5,840,630	1,611,184	5.30	25.25
04	SALES-US\$	42,812,538	42,626,341	43,574,404	40,731,172	169,744,455	44,375,263	3.65	8.95
	VOLUME-SQFT	3,745,073	3,772,163	3,796,810	3,611,860	14,925,906	3,956,764	5.65	9.55
06 +	SALES-US\$	25,214,311	24,418,014	25,812,547	25,141,016	100,585,888	26,527,100	5.21	5.51
	VOLUME-SQFT	1,569,610	1,488,373	1,579,335	1,559,294	6,196,612	1,702,353	8.46	9.17
Special Grade	SALES-US\$	8,671,342	8,494,569	11,857,959	11,368,204	40,392,073	11,528,749	32.95	1.41
	VOLUME-SQFT	421,879	407,299	499,998	516,438	1,845,614	574,721	36.23	11.29
TOTAL-USD		89,798,140	88,565,592	94,158,746	88,395,798	360,918,276	96,064,388	6.98	8.68
TOTAL-SQFT		7,266,594	7,194,837	7,373,351	6,973,980	28,808,762	7,845,022	7.96	12.49

Table 6: KCE New Plant Capacity

1Q2020 – 4Q2020 (Plan)	1.75 million sq.ft./month
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Table 7: Capital Expenditure (KCE New Plant)

CAPEX Plan - Y2020	Bt 200.0 million
Actual Spend- 1Q2020	Bt 16.6 million

Forwarded for your information.

Sincerely yours,



(Mrs. Voraluksana Ongkosit)
Executive Vice Chairperson

