

February 14, 2017

The Director and Manager  
 The Stock Exchange of Thailand

Re: Information concerning Fiscal Year 2016 Operating Results

KCE Electronics PCL. has the pleasure of submitting fiscal year 2016 operating results of the Company and its subsidiaries (“Group”) based on audited consolidated financial statements for the period ended December 31, 2016. The Group's sales and net profit totaled Bt13,797.5 million and Bt3,038.7 million, respectively, compared to Bt12,448.7 million and Bt2,240.1 million in fiscal year 2015. A summary of the Company’s operating performance in 2016 and 2015 is shown in the following table:

[Amount: THB million]	FY2016	FY2015	Change Y-O-Y [2016 vs. 2015]	FY2014	Change Y-o-Y [2015 vs. 2014]
Sales Revenue	13,797.5	12,448.7	+ 10.8%	11,284.3	+ 10.3
Cost of Sales	8,985.0	8,535.0		7,717.6	
Gross Margin (percentage)	34.9%	31.4%		31.6%	
Selling & Administration	1,694.9	1,520.4		1,682.5	
Operating Profit *	2,912.8	2,192.2	+ 32.9%	1,798.1	+ 21.9
	21.1%	17.6%		15.9%	
Net Profit	3,038.7	2,240.1	+ 35.7%	2,109.8	+ 6.2
	22.0%	18.0%		18.6%	

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

*Fiscal 2016 – a new chapter for KCE's performance*

Revenue and earnings continued to be strong Q-o-Q and for the full year. Phase 1 & 2 of the new plant ramped up its capacity to the highest utilization rate as a result of increased orders and the completed transfer of capacity from the old plant. The improved profitability was driven by sales growth and a record-high gross margin supported by the plant achieving a high level of production efficiency.

Consolidated sales revenue rose from Bt12,448 million in 2015 to Bt13,797 million in 2016, representing growth of approximately 11% in Baht terms. The increase was primarily due to higher production volumes supported by an increase in capacity utilization from Phase 1 & 2 at the new plant. However, sales revenue growth was partially affected by the Baht’s exchange rate and a change in commercial terms to a consignment basis, which thereby caused a delay in revenue realization in the current fiscal year.

The average gross profit margin as a percentage of sales improved from 31.4% in 2015 to 34.9% in 2016, and reached a record-high 36% in 3Q16. This was largely due to higher economies of scale following the increase in efficiency at the new plant while processed scrap was maintained at a low rate, and various continuous cost control measures.

Selling, general, and administrative expense in this year was 12% to sales, which was nearly the same level as the previous year. Selling expense increased slightly as sales volumes rose. Administrative expense increased as a result of higher staff costs in line with better plant performance, additional expense associated with a

shutdown of the old plant, a one-off tax expense related to insurance income from the prior year, and an impairment allowance of Bt57 million on replaced machinery under an Efficiency Improvement Project at a subsidiary.

Operating profit for full-year 2016 rose significantly by 32.9% from 2015, which was on top of an increase of 21.9% in 2015 from 2014. The Group reported a consolidated net profit of Bt 3,039 million for FY2016, or a 35.7% increase from Bt2,240 million in FY2015. The strong performance was the result of better efficiency from recent capacity expansion, sales growth and the effect of changing foreign currency exchange rates, whereas the gross margin widened and SG&A remained stable. This resulted in basic earnings per share of Bt5.23 for the fiscal year 2016.

Forwarded for your information.

Sincerely yours,



(Mrs.Voraluksana Ongkosit)  
Executive Vice Chairperson

