

February 16, 2016

The Director and Manager  
 The Stock Exchange of Thailand

Re: Information concerning Fiscal Year 2015 Operating Results

KCE Electronics Pcl. has the pleasure of submitting fiscal year 2015 operating results of the Company and its subsidiaries (“Group”) based on its audited consolidated financial statements for the period ended December 31, 2015. The Group’s sales and net profit totaled Baht 12,448.7 million and Baht 2,240.1 million, respectively, compared to Baht 11,284.3 million and Baht 2,109.8 million in fiscal year 2014. A summary of the Company’s operating performance in 2015 and 2014 is shown in the following table:

	2H2015	1H2015	Change [2H vs. 1H]	FY2015	FY2014	Change Y-o-Y [2015 vs. 2014]
[Amount: THB million]						
Sales Revenue	6,519.2	5,929.5	+ 9.9%	12,448.7	11,284.3	+10.3%
Cost of Sales	4,374.7	4,160.3		8,535.0	7,717.6	
Gross Margin (percentage)	32.9%	29.8%		31.4%	31.6%	
Selling & Administration	805.2	715.2		1,520.4	1,682.5	
Operating Profit*	1,232.7	959.5	+28.5%	2,192.2	1,798.1	+21.9%
(percentage)				17.6%	15.9%	
Net Profit	1,238.8	1,001.3	+23.7%	2,240.1	2,109.8	+ 6.2%

[Remark\* Operating Profit excludes currency effect, insurance compensation and profit from business combination.]

Fiscal 2015 truly marked the beginning of a new growth cycle for KCE’s business. Phase 1 of the new plant successfully started operations on January 2, 2015. In the final quarter of the year, the Company commenced Phase 2 by completing the transfer of operations from the old plant. The Company’s operating performance improved significantly in the second half of the year as the new plant’s capacity utilization rate ramped up as a result of new orders and the continuous transfer of capacity from the old plant. Shutting down most of the operations at the old plant led to a reduction in factory costs, and running production at only one plant facility also resulted in higher economies of scale at the new plant. The higher manufacturing efficiency at the new plant was the key to the better operating performance.

Consolidated sales revenue rose from Baht 11,284 million in 2014 to Baht 12,448 million in 2015, representing growth of approximately 10% in Baht terms. The increase was primarily due to higher production volumes supported by additional capacity at the new plant.

The average gross profit margin as a percentage of sales fell slightly from 31.6% in 2014 to 31.4% in 2015 due to a low utilization rate at the new plant during the first half of the year. However, the gross profit margin reached a record-high 33.8% in 4Q15. The improvement was largely due to better economies of scale following the increase in production capacity at the new plant and improved manufacturing efficiency. Intensive cost control measures and better management in materials sourcing also contributed.

Selling, general, and administrative expense as a percent of sales decreased to 12.2% in 2015 compared to 14.9% in the previous year. Selling expense increased slightly as sales volumes rose. Administrative expense decreased as a result of lower ESOP expense, a lower impairment cost of machinery, and pre-operating expense for the new plant that was included in the prior year, but also included expenses associated with a tax provision of a subsidiary.

Operating profit reached a new high of Baht 630 million during 4Q15, representing a 32.4% Y-o-Y increase, and operating profit for full-year 2015 increased by 21.9% from 2014. The increase was the result of higher sales levels, better efficiency at the new plant and strong growth in profit margin, partially offset by higher finance costs. In addition, the shutdown of operation at the old plant helped saving in factory running cost.

The Group reported a consolidated net profit of Baht 2,240 million for FY2015, or a 6% increase from Baht 2,109 million in FY2014, due to extra income of insurance compensation and profit from business combination (KCE Singapore) that was included in 2014. After adjusting for extra income, net profit increased about 18.3%. The development was primarily the result of the business expansion of the new plant and partly the effect of changing currency rates. This resulted in basic earnings per share of Baht 3.93 for the fiscal year 2015.

Forwarded for your information.

Sincerely yours,



(Mrs.Voraluksana Ongkosit)  
Executive Vice Chairperson

