

Dear Sir,

Explanation and Analysis of Financial Statements for the Quarter ended 31 March 2020

We enclose herewith the consolidated financial statements of Thai Rung Union Car Public Company Limited (“the Company”) and its subsidiaries for the quarter ended 31 March 2020, duly reviewed by the Company’s auditors and approved by the Company’s Board of Directors, for onward distribution as appropriate.

Management has the following comments on the Company’s results for the quarter ended 31 March 2020 compared with the same quarter of last year (ended 31 March 2019), and the financial position at 31 March 2020 compared with that at 31 December 2019. These comments are intended to be read in conjunction with the consolidated financial statements.

**Income statement for the quarter ended 31 March 2020**

Unit: millions of baht		Q1 2020	Q1 2019	Change	
Item					
	Operating revenue	496	654	(158)	(24%)
	Other income	7	15	(8)	(51%)
1.1	<b>Total revenue</b>	<b>503</b>	<b>669</b>	<b>(166)</b>	<b>(25%)</b>
1.2	Cost of sales and service	439	540	(100)	(19%)
1.3	Sales & administrative expenses	66	67	(1)	(1%)
	Net finance cost	0	0	0	0%
1.4	Share of profit/(loss) of associates (joint ventures)	(3)	0	(3)	(100%)
	<b>Profit before income tax</b>	<b>(6)</b>	<b>62</b>	<b>(68)</b>	<b>(109)</b>
	Income tax income (expense)	(3)	(5)	(2)	47%
1.5	<b>Net profit/(loss) for the period</b>	<b>(9)</b>	<b>57</b>	<b>(66)</b>	<b>(115%)</b>

Distribution of consolidated profit/(loss)					
	Attributable to owners of the parent company	(9)	55	(64)	(117%)
	Attributable to non-controlling interests	1	2	(1)	(66%)

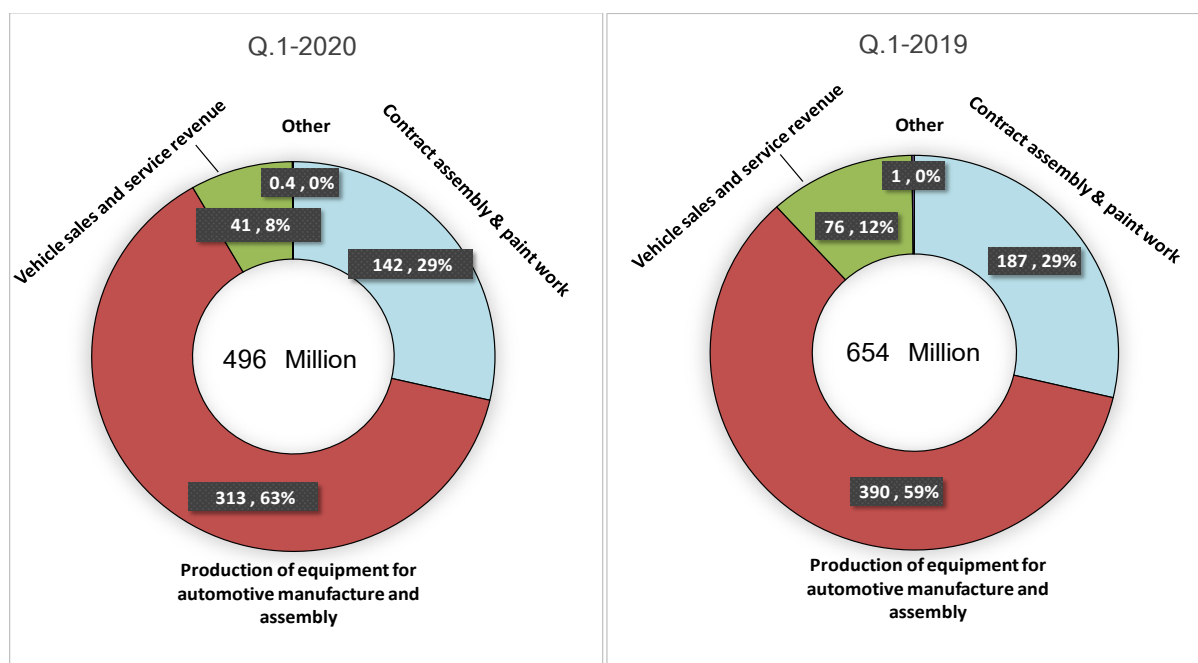
## 1. General

The Company is a manufacturer and distributor in the automotive industry. Its consolidated results for the first quarter of 2020 compared with the same quarter of 2019 were as follows:

### 1.1 Revenues

Total consolidated revenues for the first quarter of 2020, not including share in profit/(loss) of associates, amounted to Bt.503 million, representing a decrease of Bt.166 million or 25% on the same quarter of last year due to lower customer orders for products and services as a result of the economic, breakdown of sales and service revenue by business unit was as follows:

#### Breakdown of Operating Revenue by Business Unit Q1 2020/Q1 2019 = -Bt.158 million (-24%)



**Note:** Consolidated revenue as shown consists only of sales and service revenue and **does not include Other Income or share of profit/(loss) of associates (joint ventures).**

- Revenue from the production of vehicle manufacturing equipment (die and jig making, plus the production and sale of parts, both OEM and spare) amounted to Bt.313 million, representing 63% of total sales and service revenue, showing a decrease of Bt.77 million or 20% from the same period of the previous year, due to lower orders for auto parts as some customers stopped production in this quarter.
- Revenue from vehicle assembly and other vehicle-related contract work was Bt.142 million, representing 29% of total sales and service revenue. This was Bt.46 million or 24% less than in the same quarter of the previous year, due to lower orders for agricultural machinery.
- Revenue from sales of vehicles and from service centres was Bt.41 million, representing

8% of total sales and service revenue and Bt.35 million or 46% down on Q1 of last year due to sales of special project vehicles to government departments and retail Customers.

- Other Income, at Bt.0.4 million, was down by Bt.0.9 million or 70% on the same quarter of the previous year.

### **1.2 Cost of sales and service**

Consolidated cost of sales and service for Q1 2020 was Bt.439 million. As a proportion of sales and service revenue for the quarter it was 89%, seven percentage points higher than the 82% of Q1 2019, due to the shift in the product mix, with different products having different margins.

### **1.3 Selling and administrative expenses**

Consolidated selling and administrative expenses for Q1 2020 amounted to Bt.66 million, Bt.1 million or 1% down on the same quarter of last year. Selling and administrative expenses amounted to 13% of revenues in Q1 2020 compared with 10% in Q1 2019, up by three percentage.

### **1.4 Share of income/(loss) from investments in associates**

Share in loss from investments in joint venture companies for Q1 2020 was Bt.3 million, economic slowdown as a result, the volume of orders of the company's customers' goods and services has decreased.

### **1.5 Net income**

The Company posted a loss attributable to the company's major of Bt.9 million for the first quarter of 2020, all of which is attributable to owners of the parent company, a deterioration of Bt.64 million or 117% relative to the same period last year when profit attributable to owners of the parent company was Bt.55 million, due to the decline in customer orders for products and services as the effect from the economic slowdown.

## 2. Analysis of Consolidated Balance Sheet at 31 March 2020 compared with 31 December 2019 (Bt. Millions)

THB millions

Assets	Consolidated Balance Sheet			
	31-Mar-2020	31-Dec-2019	Change	%
Current assets	1,092	1,134	(42)	(4%)
Investments in associates	479	483	(3)	(1%)
Investment property, net	162	162	(0)	(0%)
Property, plant & equipment, net	1,987	2,072	(85)	(4%)
Right-of-use assets-net	58	0	58	100%
Other non-current assets, net	137	138	(1)	(0%)
<b>Total Assets</b>	<b>3,915</b>	<b>3,988</b>	<b>(73)</b>	<b>(2%)</b>
<b>Liabilities</b>				
Current liabilities	369	427	(58)	(14%)
Non-current liabilities	104	110	(6)	(6%)
<b>Total Liabilities</b>	<b>473</b>	<b>538</b>	<b>(64)</b>	<b>(12%)</b>
<b>Equity</b>				
Attributable to owners of the parent company	3,378	3,387	(9)	(0%)
Non-controlling interests	63	63	1	1%
<b>Total Equity</b>	<b>3,441</b>	<b>3,450</b>	<b>(9)</b>	<b>(0%)</b>
<b>Total Liabilities and Equity</b>	<b>3,915</b>	<b>3,988</b>	<b>(73)</b>	<b>(2%)</b>

Total consolidated assets at 31 March 2020 and 31 December 2019 stood at Bt.3,915 million and Bt.3,988 million respectively, representing a decrease of Bt.73 million, the main items being as follows:

### 2.1 Assets

- Current assets** at 31 March 2020 stood at Bt.1,092 million, down by Bt.42 million or 4% as a result of:
  - Cash and cash equivalents at 31 March 2020 stood at Bt.157 million, Bt.63 million less than at year-end 2019 as a result of lower operating results.
  - Current investments decreased from 31 December 2019 equal to Bt.10 million resulting from the redemption of investments in mutual funds.
  - Net trade and other receivables at 31 March 2020 stood at Bt.524 million, Bt.64 million more than the 2019 year-end figure, partly due to an increase in sales for which payment was not due until May 2020.

- Contract assets at 31 March 2020 stood at Bt.49 million, Bt.16 million less than at year-end 2019 in line with the percentage completion of die and jig making in accordance with the terms of the contracts.
  - Inventories at 31 March 2020 stood at Bt.302 million, representing a decrease of Bt.17 million on year-end 2019, due to a decrease in the production volume in customer orders.
2. **Investments in associates** (joint ventures) at 31 March 2020 stood at Bt.479 million, representing a decrease of Bt.3 million, as a result of recognition of the Company's share in losses of joint venture companies.
  3. **Property, plant & equipment** at 31 March 2020 stood at Bt.1,987 million, Bt.85 million down due to transfer Bt.58 million to the right-of-use assets according to TFRS 16 first adoption in this quarter, the net effect of Bt.4 million of capital expenditure on plant, machinery and equipment, office equipment, Bt.31 million of scheduled depreciation for the quarter.
  4. **Other non-current assets** at 31 March 2020 stood at Bt.137 million, Bt.1 million down on year-end 2019.

### **Liabilities**

Total consolidated liabilities at 31 March 2020 and 31 December 2019 stood at Bt.473 million and Bt.538 million respectively, a decrease of Bt.64 million or 12% as a result of:

- Trade payables fell by Bt.63 million as items fell due and were paid, Due to the maturity of this quarter, and from declining customer orders, the purchase of raw materials has resulted in a reduction in the purchase of raw materials and management of the purchase of raw materials.
- Accrued project costs increased by Bt.3 million as contractual payments for outsourced die making on a percentage completed basis fell due and were paid
- Lease liabilities-net decreased by Bt.3 million
- Corporate income tax due increased by Bt.1 million
- Provisions for employee benefits decreased by Bt.2 million .

### **Equity**

Equity at 31 March 2020 and 31 December 2019 stood at Bt.3,441 million and Bt.3,450 million respectively, representing a decrease of Bt.9 million. from operating losses of Bt.6 million and Bt.3 million in share of loss of associates.

### **3. Liquidity**

The Company's consolidated cash situation for the quarter ended 31 March 2020 showed a net decrease of Bt.63 million, with a net period-end cash position of Bt.157 million. Details are shown in the following table.

**Thai Rung Union Car Plc**  
**Consolidated statement of cash flows for the three months to 31 March 2020**

	<b>Million</b>
<b>Cash &amp; cash equivalents at start of period</b>	<b>220</b>
<b>Net cash from (used in) operating activities</b>	<b>(63)</b>
<b>Net cash from (used in) investing activities</b>	<b>6</b>
<u>mainly from</u>	
o Reduction in short-term investments	10
o Acquisition of plant & equipment	(4)
<b>Net cash used in financing activities</b>	<b>(6)</b>
<b>Cash &amp; cash equivalents at end of period</b>	<b>157</b>

#### **4. Outlook for the Thai automotive industry**

The Federation of Thai Industries has announced that due to violent effect of the COVID-19 crisis on the automotive industry, the target for vehicle production for 2020 would be reduced from the original 2 million units to between 1 and 1.4 million.

If the crisis lasts until June, production will be reduced by 30% to 1.4 million will be equally split between domestic and export sales (0.7 million each).

If it lasts until September, production volumes will be halved, to 1 million units, again equally divided between domestic and export sales (0.5 million each). Currently, several carmakers have temporarily stopped production for alleviate the effects of the current situation

In any case, the Company continues to concentrate on income from OEM parts making and contract assembly work, while developing its business in the field of parts for industrial and agricultural machinery as well as expanding the market for its vehicles both at home and abroad and searching for business partners so as to be able to seize the new business opportunities which are likely to increase in the next two to three years and thus strengthen the Group and its results in the near future.

Trusting this meets your requirements we remain,

Yours faithfully,

Phakkawat Suwanmajo  
Company Secretary