MD & A

Analysis on Financial Status & Operational Performance

T. Krungthai is a manufacturer and a designer of plastic components, as well as manufacturer and service provider for molds which are used for manufacturing of plastic components. Major Customers are a leading automotive and electric appliances factories, including original equipment manufacturers (OEM) mainly based in Thailand. In 2017, the Company had total revenue of 1,072 millions, net loss 51.33 millions while in 2016, total revenue was 1,097 millions, net loss 67.54 millions.

1. Operation result

Revenue

Revenue from sales and services was 1,072.67 millions consists of sales of plastic parts 960.11 millions, revenue from sales of molds 112.55 millions. Total revenue declined by 25.08 millions when comparing to 2016. Revenue from sale of plastic part is dropped by 44.30 millions (-4.41%) due to decreased of turnover in automotive models and electric appliances of our customers. However, revenue from sales of molds increased by 19.21 millions (+20.59%) when comparing to 2016. We will make the best effort to lift up turn over for next year by taking new models from customers from automotive industry.

Gross Profit

In 2017 the Company's gross profit was 99.85 millions (gross profit margin 9.31%) when comparing to 2016 where the gross profit was 70.87 millions (gross profit margin was 6.46%). To cope with decrease of revenue, the Company controlled cost of production and reduced production waste on continual basis.

For earnings before interest, tax, depreciation and amortization (EBITDA) and earnings before interest and taxes (EBIT),
in 2017, the Company's EBITDA was 21.56 millions (1.96%) when comparing to year 2016, EBITDA was 4.64 millions (0.42%), while EBIT was -47.18 millions (-4.4%) when comparing to year 2016 where EBIT was -66.51 millions (-6.06%) due to increase of gross profit while selling and administrative expenses were slightly increased.

Net Profit/Loss

In 2017, the Company's net loss was 51.33 millions (-4.78%) comparing to a net loss of 67.54 millions (6.15%) in 2016, net loss decrease by 16.21 millions. The cost of finance was slightly decreased from 17.94 millions in 2016 to 17.42 millions due to the strict control of loan facility spending as necessary.

2. Financial Position

As of 31 December 2016, the Company's total assets was 1,093.04 millions and 1054.32 millions in 2016 of the same period there were additional investment in equipment, machinery and improvement of buildings and land, intangible assets to maintain good conditions of the assets. Net investment was 21.38 millions.

According to land appraisal which was conducted to indicate fair value, the net appraisal surplus of land was 119.50 millions. Total liabilities was 648.72 millions, a decrease by 25.17 millions from previous year. Loans from financial institutions dropped by 29.58 millions and shareholders' equity was 444.31 millions as a result of recognition of net appraisal surplus at 119.50 millions. Debt to total asset ratio was at 59% as a result of decrease of total liabilities and increase of shareholders' equity due to new asset revaluation.

3. Efficiency of property utilization

Overall, efficiency of utilization of Company's assets was slightly different from previous year when considering following ratios.

- Total Asset Turnover (Total Income/Total asset) in 2017 was 0.98 time, and 1.04 times in 2016 due to slightly decrease of turnover and surplus recognition from asset revaluation. Overall, efficiency in utilization of Company's assets was quite stabilized.
- Operating Cycle and Cash Cycle

Operating Cycle 115 days and 63 days did not changed much comparing to previous year at 118 days and 68 days respectively. The Company is a contractor make to order, therefore, inventory contains goods of high liquidity. Since the Company's customers are manufacturers and distributors of leading automotive and electrical appliances, quality of trade receivables is in very good range.

4. Financial liquidity

In 2017, the Company's current ratio was 0.54 time and quick ratio was 0.35 time while the corporate liquidity was considered as sufficient. Interest coverage ratio was -2.71 times, EBITDA/Interest Expense was 1.24 times, and CFO/(Interest Expense & Current Portion of Long-Term Loan) was 1.57 times. The company is never on default of debt repayment and all spending are allocated for core business, therefore, the Company is well supported by financial institutions which grant adequate amount of credit facility for business operation.