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Subject Clarification on Operating results of the first quarter of year 2019
Attention Director and manager, The Stock Exchange of Thailand

TCM Corporation Public Company Limited and its subsidiaries (together referred to as “Corporate Group”) would like to clarify the operating result and financial statement of the first quarter of year 2019 compared to the first quarter of year 2018 as follows.

The Corporate Group has net profit of Baht 35.59 million at the end of the first quarter of year 2019 compared to Baht 11.31 million at the same period of year 2018. The net profit was increased by Baht 24.29 million or 214.75 percent. Details of the changes are described in the Management Discussion and Analysis as attached herewith.

Please be informed accordingly.

Your faithfully,
For and on behalf of TCM Corporation Public Company Limited

(Mrs.Nopphaporn Aphiwatthanakul)
Financial Director



Overview

TCM Corporation Public Company Limited and its subsidiaries (together referred to as “Corporate Group”) announced revenue from sales and services of the 1st quarter of year 2019 at Baht 2,109.01 million, decreased from the same period of the previous year at Baht 2,135.69 million, considered as 1.25 percent lower than the previous year. The EBITDA was Baht 155.02 million, or 13.38 percent increased from the same period of the previous year. The net profit was Baht 35.59 million, or 214.75 percent higher than the previous year. The net profit attributable to owners of the parent at the 1st quarter of year 2019 was Baht 3.53 million, compared to the same period of the previous year, which was loss at Baht 21.02 million, considered as 116.79 percent higher than the previous year.

The revenue from sales and services can be separated into income from TCM Flooring at 31.99 percent, from TCM Automotive at 16.27 percent, and from TCM living at 51.74 percent.

Performance by Group of business

TCM Flooring

Unit Baht million

Details	Q1/2019	Q1/2018	% Change	% of sales	% of sales
			YoY	Q1/2019	Q1/2018
Revenue from Sales and Services	674.61	646.28	4.38%	100.00%	100.00%
Cost of Sales and Services	(439.45)	(419.24)	4.82%	65.14%	64.87%
Gross Margin	235.17	227.04	3.58%	34.86%	35.13%
Selling expenses	(147.63)	(137.17)	7.63%	21.88%	21.22%
Administrative expenses	(132.41)	(112.06)	18.16%	19.63%	17.34%
Other Incomes	6.14	4.75	29.17%	0.91%	0.74%
Profit (loss) from exchange rate	3.22	(8.76)	136.78%	0.48%	-1.36%
Financial costs	(29.93)	(30.26)	-1.10%	4.44%	4.68%
Tax income (expenses)	18.46	(3.61)	610.99%	2.74%	0.56%
Net profit (loss) for the quarter	(46.98)	(60.07)	21.78%	-6.96%	-9.29%
EBITDA	18.11	13.50	34.13%	2.68%	2.09%

TCM Flooring performance

TCM Flooring had revenue from sales and services at Baht 674.61 million, increased by 4.38 percent from the same period of the previous year. The cost of sales and services was 65.14 percent of revenue, increased from 64.87 percent of revenue at the same period of the previous year, due to the proportion of revenue from sales & services from Asia was higher than Europe and America those normally have higher sales margin.

The Selling, Distribution, and Administrative (SD&A) expenses added up to Baht 280.04 million, separated into selling expenses at Baht 147.63 million or 21.88 percent of revenue, increased from Baht 137.17 million at the same period of the previous year or 21.22 percent of revenue, and administrative expenses at Baht 132.41 million or 19.63 percent of revenue, which increased from Baht 112.06 million at the same period of the previous year or 17.34 percent of revenue. The SD&A expenses were higher than previous year due to the strategies to expand the business into new market segment e.g. Casino, Cruise Ship, and Private jet etc., the Corporate Group has hired managerial personnel to be in charge of new businesses since the 3rd quarter of the previous year and developed new collection and marketing tools to support the new businesses, therefore the SD&A expenses was higher compared to the same period of the previous year. Also, there were depreciation of the machineries held for sale, caused from the moving of production plant to Pathumthani.

Apart from the expenses of the TCM Flooring itself, there were the administrative expenses of the Corporate office those were allocated to TCM Flooring business, which are the costs of trademark registering, both local and overseas, the legal and Tax advisor fees and the cost of management team who monitored and managed Corporate Group, altogether, at Baht 10 million approximately, which was not allocated to other businesses.

When combined with financial cost which was the interests of the loan that the company used during the acquisition of the Commercial Carpet Business at Baht 29.93 million. Resulted in the net loss of Baht 46.98 million compared to the net loss of Baht 60.07 million at the same period of the previous year, or 21.78 percent higher. However, if exclude the Corporate Office part, the EBITDA of the Flooring business will be 34.13 percent higher than the same period of the previous year and the net profit will be 73.28 percent higher than the same period of the previous year.

TCM Automotive

Unit Baht million

Details	Q1/2019	Q1/2018	% Change	% of sales	% of sales
			YoY	Q1/2019	Q1/2018
Revenue from Sales and Services	343.10	376.56	-8.89%	100.00%	100.00%
Cost of Sales and Services	(264.66)	(289.53)	-8.59%	77.14%	76.89%
Gross Margin	78.44	87.04	-9.87%	22.86%	23.11%
Selling expenses	(11.11)	(11.90)	-6.70%	3.24%	3.16%
Administrative expenses	(16.80)	(14.51)	15.73%	4.90%	3.85%
Other Incomes	0.76	1.41	-46.35%	0.22%	0.37%
Profit (loss) from exchange rate	1.49	0.00	0.00%	0.43%	0.00%
Financial costs	(0.15)	(0.20)	-23.96%	0.04%	0.05%
Tax income (expenses)	(10.55)	(12.22)	13.674%	3.07%	3.24%
Net profit (loss) for the quarter	42.09	49.61	-15.16%	12.27%	13.17%
EBITDA	48.04	58.46	-17.83%	14.00%	15.52%

TCM Automotive performance

TCM Automotive had revenue from sales and services at Baht 343.10 million, decreased from the same period of the previous year by 8.89 percent. The cost of sales and services were at 77.14 percent of revenue, increased from 76.89 percent of revenue at the same period of the previous year, resulted from higher sales proportion of PU, PVC products.

The SD&A expenses added up to Baht 27.90 million, separated into selling expenses at Baht 11.11 million or 3.24 percent of revenue, lower than the same period of the previous year, and administrative expenses at Baht 16.80 million or 4.90 percent of revenue, increased from Baht 14.51 million in the previous year, or 3.85 percent of revenue, due to the higher expenses of new product development to meet the requirements from the automotive manufacturers who are the company's main customers.

The EBITDA was Baht 48.04 million or 14.00 percent of revenue. The net profit was Baht 42.09 million or 12.27 percent of revenue, compared to Baht 49.61 million at the same period of the previous year or 13.17 percent of revenue.

TCM Living

Unit Baht million

Details	Q1/2019	Q1/2018	% Change	% of sales	% of sales
			YoY	Q1/2019	Q1/2018
Revenue from Sales and Services	1,091.30	1,112.85	-1.94%	100.00%	100.00%
Cost of Sales and Services	(795.77)	(824.94)	-3.54%	72.92%	74.13%
Gross Margin	295.53	287.90	2.65%	27.08%	25.87%
Selling expenses	(107.14)	(113.75)	-5.81%	9.82%	10.22%
Administrative expenses	(127.27)	(132.75)	-4.13%	11.66%	11.93%
Other Incomes	5.51	0.75	636.88%	0.51%	0.07%
Profit (loss) from exchange rate	(1.77)	1.59	-211.41%	-0.16%	0.14%
Financial costs	(11.70)	(15.51)	-24.58%	1.07%	-1.39%
Tax income (expenses)	(12.68)	(6.47)	-95.93%	1.16%	0.58%
Net profit (loss) for the quarter	40.49	21.76	86.03%	3.71%	1.96%
EBITDA	87.43	63.71	37.22%	8.01%	5.73%

TCM Living performance

TCM Living had revenue from sales and services at Baht 1,091.30 million, which was 1.94 percent lower than the same period of the previous year, affected by currency both from the Pound that is still weak due to uncertainty of the Brexit and the Baht appreciation causing the exchange rate decreased by 2.74 Baht per Pound, accounted for the difference in sales of Baht 92.48 million. However, if compared only Pound to Pound performance, the revenue from sales and services would be higher than the same period of the previous year at 10.76 percent.

The cost of sales and services were 72.92 percent of revenue, decreased from 74.13 percent of revenue in the same period of the previous year, resulted from the cost control policy and plans to build production efficiency continuously.

The SD&A expenses added up to Baht 234.41 million, separated into selling expenses at Baht 107.14 million or 9.82 percent of revenue, decreased from Baht 113.75 million or 10.22 percent of revenue at the same period of the previous year, and administrative expenses at Baht 127.27 million or 11.66 percent of revenue, decreased from Baht 132.72 million at the same period of the previous year or 11.93 percent of revenue.

The EBITDA was Baht 87.43 million increased from Baht 63.71 million at the same period of the previous year or 37.22 percent increased, equal to 8.01 percent of revenue, higher than the same period of the previous year, which was 5.73 percent of revenue, resulted from restructuring the management structure and efforts of the team to reduce costs and expenses according to the management policy.

Therefore, the net profit was Baht 40.49 million, increased from Baht 21.76 million at the same period of the previous year or 86.06 percent increased, equal to 3.71 percent of revenue, higher than the same period of the previous year, which was 1.96 percent of revenue. The efforts to improve the performance in all aspects in the past 2018 have shown it result in this quarter.

Consolidated Performance

Consolidated Statement	Q1/2019	Q1/2018	Unit Baht million
			% Change YoY
Revenue			
Revenue from Sales and Services	2,109.01	2,135.69	-1.25%
Other Incomes	12.40	6.91	79.58%
Total revenue	2,121.42	2,142.60	-0.99%
Expenses			
Cost of sales and services	(1,499.87)	(1,533.71)	-2.21%
Selling expenses	(265.88)	(262.82)	1.16%
Administrative expenses	(276.48)	(259.32)	6.62%
Gain (loss) from exchange rate	2.94	(7.17)	141.03%
Financial costs	(41.78)	(45.97)	-9.12%
Total expenses	(2,081.06)	(2,108.99)	-1.32%
Net profit before TAX	40.35	33.61	20.07%
Tax expenses	(4.76)	(22.30)	-78.66%
Profit (loss) for the quarter	35.59	11.31	214.75%
Profit (loss) for TCMC	3.53	(21.02)	166.79%
EBITDA	155.02	136.73	13.38%
Weighted average number of ordinary shares (shares)	763,188,975	763,188,975	
Basic earnings per share (Baht)	0.00	(0.03)	

Other incomes

The Corporate Group has total other incomes at Baht 12.40 million, compared to Baht 6.91 million in the same period of the previous year. The other incomes were from interests, rental fees, assets selling, scrap selling etc.

Financial costs

The Corporate Group had financial costs at Baht 45.97 million in the 1st quarter of year 2019, decreased from Baht 41.78 million in the 1st quarter of year 2018, because the company has gradually paid interest on bank loans for investment in the businesses of the Corporate Group.

Statement of Financial Position

Statement of consolidated financial position	As of 31 March, 2019	As of 31 December, 2018	Unit Baht million	
			Change	
			Million Baht	%
Total Assets	9,288.44	9,455.70	(167.26)	(0.02)
Total Liabilities	5,866.11	6,033.77	(167.66)	(0.03)
Shareholders' Equity	3,422.33	3,421.93	0.40	0.00

Corporate Group had Total Assets as of 31 March 2019 lower than Total Assets as of 31 December 2018 at Baht 167.26 million, or 0.02 percent. The Shareholders' equity as of 31 March 2019 was higher than as of 31 December 2018 at Baht 0.40 million. The D/E ratio at the end of period was at 1.71:1 compared to year end 2018 at 1.76:1.