



TCM CORPORATION PLC.  
238 Vipavadee Rangsit Road,  
Sanambin, Don Muang,  
Bangkok 10210

T: +66 2 530 6393  
F: +66 2 533 6478

[www.tcm-corporation.com](http://www.tcm-corporation.com)

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**Subject** Clarification on Operating results of financial 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 year 2019 compared to financial statement of year 2018 as follows.

The Corporate Group has net profit of Baht 98.39 million in year 2019 compared to Baht 417.35 million in year 2018. The net profit was decreased by Baht 318.96 million or 76.43 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

A handwritten signature in blue ink, reading "Nopphaporn A.".

(Mrs.Nopphaporn Aphiwatthanakul)  
Financial Director

## Overview

TCM Corporation Public Company Limited and its subsidiaries (Collectively referred to as the “Corporate Group”) announced revenue from sales and services of THB 9,001.89 million for the yearend 2019, decreased from THB 9,546.56 million or by 5.71 percent comparing to 2018, EBITDA was THB 803.47 million, or 18.90 percent decreased from the previous year. Net profit was THB 98.39 million, or 76.43 percent lower than the previous year. Net loss attributable to owners of the parent was THB 8.71 million.

The revenue from sales and services can be divided into incomes from TCM Flooring at 35.20 percent, TCM Automotive 13.02 percent, and TCM living 51.78 percent.

## Performance by Group of business

### TCM Flooring

Unit THB million

Details	2019	2018	Change	% of sales 2019	% of sales 2018
			% YoY		
Revenue from Sales and Services	3,168.60	3,327.05	-4.76%	100.00%	100.00%
Cost of Sales and Services	(1,990.35)	(2,056.73)	-3.23%	62.81%	61.82%
<b>Gross Margin</b>	<b>1,178.25</b>	<b>1,270.32</b>	<b>-7.25%</b>	<b>37.19%</b>	<b>38.18%</b>
Other incomes	6.77	24.69	-72.60%	-0.21%	0.74%
Selling expenses	(631.58)	(606.81)	4.08%	19.93%	18.24%
Administrative expenses	(462.26)	(503.91)	-8.26%	14.59%	15.15%
Profit (Loss) from exchange rate	0.74	10.29	-92.85%	0.02%	-0.31%
<b>Operating income</b>	<b>91.91</b>	<b>194.58</b>	<b>-52.76%</b>	<b>2.90%</b>	<b>5.85%</b>
Post-employment benefits liabilities	(57.66)	0.00	N/A	-1.82%	0.00%
Corporate expenses (Shared)	(16.34)	(17.71)	-7.77%	0.52%	0.53%
Expenses from ceased operation	(95.16)	0.00	N/A	3.00%	0.00%
Financial cost	(117.06)	(122.30)	-4.28%	3.69%	3.68%
Tax income (expense)	52.16	30.92	68.67%	1.65%	-0.93%
<b>Net profit (loss)</b>	<b>(142.15)</b>	<b>85.49</b>	<b>-266.28%</b>	<b>-4.49%</b>	<b>2.57%</b>
<b>EBITDA</b>	<b>242.60</b>	<b>330.86</b>	<b>-26.67%</b>	<b>7.66%</b>	<b>9.94%</b>

## TCM Flooring performance

TCM Flooring had revenue from sales and services of THB 3,168.60 million, decreased by 4.76 percent from the previous year, resulted from the world economic situation which was slowdown due to many factors, including politics in Hong Kong, trade war between America and China, plus the THB appreciation which had a record high. All factors affected to our business in which the main revenues are derived from exports.

Cost of sales and services was 62.81 percent of revenue, increased from 61.82 percent in the previous year, due to the effect from the exchange rate and the increase in sales of the carpets for Corporate sector, which has lower margin than the carpets for Hospitality sector.

Selling, Distribution, and Administrative (SD&A) expenses amounted to THB 1,093.84 million. The selling expenses were THB 631.58 million or 19.93 percent of revenue, increased from THB 606.81 million or 18.24 percent of revenue in the previous year. The administrative expenses were THB 462.26 million or 14.59 percent of revenue, decreased from THB 503.91 million or 15.15 percent of revenue in the previous year, as a result of the effort to control the expenses continuously. The operating income was THB 91.91 million.

Apart from the expenses of the TCM Flooring, in the second quarter of 2019, there were the post-employment benefit amendment according to the Labor Protection Act which caused the additional long-term employee benefit liabilities that booked as expenses in 2019 at THB 57.66 million. Including administrative expenses of the Corporate Office allocated to TCM Flooring amounted to THB 16.34 million, and the expenses related to the ceased operation of Don Muang factory since the middle of the year 2019, caused the setting up of provision for non-operating assets and allowance for decline in value of obsoleted inventories, which were classified as administrative expenses at THB 95.16 million.

When combined with financial cost of THB 117.06 million, which was the interest of the loan borrowed by the company during the acquisition of the Commercial Carpet Business, the net loss then amounted to THB 142.15 million, decreased from the net profit of THB 85.49 million in the previous year. The EBITDA was THB 242.60 million, decreased from THB 330.86 million in the previous year.

## TCM Automotive

Unit THB million

Details	2019	2018	Change	% of sales 2019	% of sales 2018
			% YoY		
Revenue from Sales and Services	1,172.31	1,431.78	-18.12%	100.00%	100.00%
Cost of Sales and Services	(915.66)	(1,102.33)	-16.93%	78.11%	76.99%
<b>Gross Margin</b>	<b>256.65</b>	<b>329.45</b>	<b>-22.10%</b>	<b>21.89%</b>	<b>23.01%</b>
Other incomes	3.39	3.06	10.79%	0.29%	0.21%
Selling expenses	(39.57)	(45.82)	-13.66%	3.38%	3.20%
Administrative expenses	(63.27)	(65.94)	-4.06%	5.40%	4.61%
Profit (Loss) from exchange rate	3.06	1.51	103.29%	0.26%	0.11%
<b>Operating income</b>	<b>160.27</b>	<b>222.25</b>	<b>-27.89%</b>	<b>-13.67%</b>	<b>-15.52%</b>
Post-employment benefits liabilities	(3.38)	0.00	N/A	0.29%	0.00%
Corporate expenses (Shared)	(5.37)	(4.41)	21.87%	0.46%	0.31%
Financial cost	(0.60)	(0.77)	-22.09%	0.05%	0.05%
Tax income (expense)	(31.27)	(44.61)	-29.910%	2.67%	3.12%
<b>Net profit (loss)</b>	<b>119.65</b>	<b>172.47</b>	<b>-30.62%</b>	<b>10.21%</b>	<b>12.05%</b>
<b>EBITDA</b>	<b>233.10</b>	<b>283.97</b>	<b>-17.91%</b>	<b>19.88%</b>	<b>19.83%</b>

## TCM Automotive performance

TCM Automotive had revenue from sales and services of THB 1,172.31 million, decreased from the previous year by 18.12 percent, resulted from the decelerate of automotive industry in Thailand and overseas. Cost of sales and services was at 78.11 percent of revenue, increased from 76.99 percent of revenue in the previous year, resulted from lower sales and the higher proportion of sales from PU and PVC products.

SD&A expenses amounted to THB 102.83 million, divided into selling expenses at THB 39.57 million or 3.38 percent of revenue, compare to THB 45.82 million in the previous year or 3.20 percent of revenue, and administrative expenses at THB 63.27 million or 5.40 percent of revenue, decreased from THB 65.94 million in the previous year, or 4.61 percent of revenue.

Apart from the expenses of the TCM Automotive, in the second quarter of 2019, there was the post-employment benefit amendment according to the Labour Protection Act which caused the additional long-term employee benefit liabilities of THB 3.38 million, and administrative expenses of the Corporate Office allocated to TCM Flooring amounted to THB 5.37 million.

The EBITDA was THB 233.10 million or 19.88 percent of revenue, aligned with the percentage of the previous year. Net profit was THB 119.65 million or 10.21 percent of revenue, compared to THB 172.47 million or 12.05 percent of revenue in the previous year.

## TCM Living

Unit THB million

Details	2019	2018	Change	% of sales	% of sales
			% YoY	2019	2018
Revenue from Sales and Services	4,660.98	4,787.73	-2.65%	100.00%	100.00%
Cost of Sales and Services	(3,469.23)	(3,528.03)	-1.67%	74.43%	73.69%
<b>Gross Margin</b>	<b>1,191.75</b>	<b>1,259.69</b>	<b>-5.39%</b>	<b>25.57%</b>	<b>26.31%</b>
Other incomes	15.01	10.32	45.52%	0.32%	0.22%
Selling expenses	(462.61)	(475.66)	-2.74%	9.93%	9.93%
Administrative expenses	(495.97)	(516.05)	-3.89%	10.64%	10.78%
Profit (Loss) from exchange rate	(2.26)	(0.24)	849.06%	0.05%	0.00%
<b>Operating income</b>	<b>245.91</b>	<b>278.06</b>	<b>-11.56%</b>	<b>5.28%</b>	<b>5.81%</b>
Corporate expenses (Shared)	(23.93)	(14.88)	60.82%	0.51%	0.31%
Financial cost	(54.15)	(61.08)	-11.35%	1.16%	1.28%
Tax income (expense)	(46.94)	(42.71)	-9.90%	1.01%	0.89%
<b>Net profit (loss)</b>	<b>120.89</b>	<b>159.39</b>	<b>-24.15%</b>	<b>2.59%</b>	<b>3.33%</b>
<b>EBITDA</b>	<b>327.76</b>	<b>375.93</b>	<b>-12.81%</b>	<b>7.03%</b>	<b>7.85%</b>

## TCM Living performance

TCM Living had revenue from sales and services of THB 4,660.98 million, which was 2.65 percent lower than the previous year, as a result of the effect of weakened Pound that had fallen considerably and the Baht appreciation which has led to lower Baht income when converted from Pound. However, if compared only in Pound currency, the revenue from sales and services would be 6.88 percent higher compared to the previous year.

Cost of sales and services was 74.43 percent of revenue, increased from 73.69 percent of revenue in the previous year, resulted from high volume orders which exceed production capacity in the first and second quarter of the year, therefore the company had to outsource its sofa manufacturing. As a result, the production costs were increased.

SD&A expenses amounted to THB 958.59 million, divided into selling expenses at THB 462.61 million or 9.93 percent of revenue, aligned with the previous year, and administrative expenses of THB 495.97 million or 10.64 percent of revenue, decreased from THB 516.05 million or 10.78 percent of revenue in the previous year, due mainly to the effort to control the expenses of all related parties.

Apart from the expenses of the TCM Living, there were administrative expenses of the Corporate Office allocated to TCM Living amounted to THB 23.93 million. The higher expenses were partly due to the withholding tax of the interest received from TCMF since 2016 that could not be used for tax credit because the company had operating loss. Therefore, it was recorded as expenses amounted to THB 6 million in this accounting period.

EBITDA was THB 327.76 million or 7.03 percent of revenue, decreased from Bath 375.93 million in the previous year or 7.85 percent of revenue.

Therefore, the net profit amounted to THB 120.89 million or 2.59 percent of revenue, decrease from THB 159.39 million or 3.33 percent of revenue in the previous year.

## Consolidated Performance

Consolidated Statement	2019	2018	Unit THB million
			Change % YoY
<b>Revenue</b>			
Revenue from Sales and Services	9,001.89	9,546.56	-5.71%
Other Incomes	25.16	38.07	-33.89%
<b>Total revenue</b>	<b>9,027.06</b>	<b>9,584.63</b>	<b>-5.82%</b>
<b>Expenses</b>			
Cost of sales and services	(6,375.24)	(6,687.10)	-4.66%
Selling expenses	(1,133.76)	(1,128.29)	0.48%
Administrative expenses	(1,021.51)	(1,085.90)	-5.93%
Post-employment benefits liabilities	(61.04)		
Corporate expenses	(45.64)	(37.00)	23.35%
Expenses from ceased operation	(95.16)		
Gain (loss) from exchange rate	1.53	11.56	86.73%
Financial costs	(171.80)	(184.14)	-6.70%
<b>Total expenses</b>	<b>(8,902.62)</b>	<b>(9,110.88)</b>	<b>-2.29%</b>
<b>Net profit before TAX</b>	<b>124.44</b>	<b>473.75</b>	<b>-73.73%</b>
Tax expenses	(26.05)	(56.40)	-53.81%
<b>Profit (loss)</b>	<b>98.39</b>	<b>417.35</b>	<b>-76.43%</b>
<b>Profit (loss) for TCMC</b>	<b>(8.71)</b>	<b>277.31</b>	<b>-103.14%</b>
<b>EBITDA</b>	<b>803.47</b>	<b>990.76</b>	<b>-18.90%</b>
Weighted average number of ordinary shares (shares)	763,188,975	763,188,975	
Basic earnings per share (THB)	(0.01)	0.36	

## Other incomes

The Corporate Group had other incomes of THB 25.16 million, compared to THB 38.07 million in previous year. The other incomes were from interests, rental fees, disposal of assets, and scrap selling etc.

## Financial costs

The Corporate Group had financial cost of THB 171.80 million in year 2019, decreased from THB 184.14 million in year 2018, since the company has promptly serviced bank loans and interest payment for the loan borrowings from back for investment in the businesses of the Corporate Group.

## Statement of Financial Position

Unit THB million

Statement of consolidated financial position	As of 31 December, 2019	As of 31 December, 2018	Change	
			Million THB	%
Total Assets	8,375.32	9,455.70	(1,080.38)	(0.11)
Total Liabilities	5,491.52	6,021.95	(530.43)	(0.09)
Shareholders' Equity	2,883.80	3,433.74	(549.94)	(0.16)
D/E Ratio	2.19:1	1.98:1		

The Corporate Group's total assets as of 30 December 2019 were lower than the total assets as of 31 December 2018 by THB 1,080.38 million or 0.11 percent. Shareholders' equity as of 30 December 2019 was lower than that as of 31 December 2018 by THB 530.43 million, as a result of the reappraisal of the land value at Don Muang factory based on fair market value which equal to THB 702 million, whereas the land had book value (Pre-appraisal value) of THB 1,112.17 million, resulting to a revaluation capital reduction of Baht 410.17 million. In December 2019, the Corporate Group had revised its land value to THB 630 million, or THB 72 million lower in order to reflect the actual market price.

Furthermore, the company had disposed of its assets following the relocation of production facilities to Pathumthani factory. As a result, D/E ratio at the end of the period was at 2.19:1 compared to year end 2018 at 1.98:1 (Considering only the part of major shareholders).