

NO. CHO 07/2017

May 15, 2017

Subject: Management Discussion and Analysis Quarter 1 Ending 31 Mar 2017

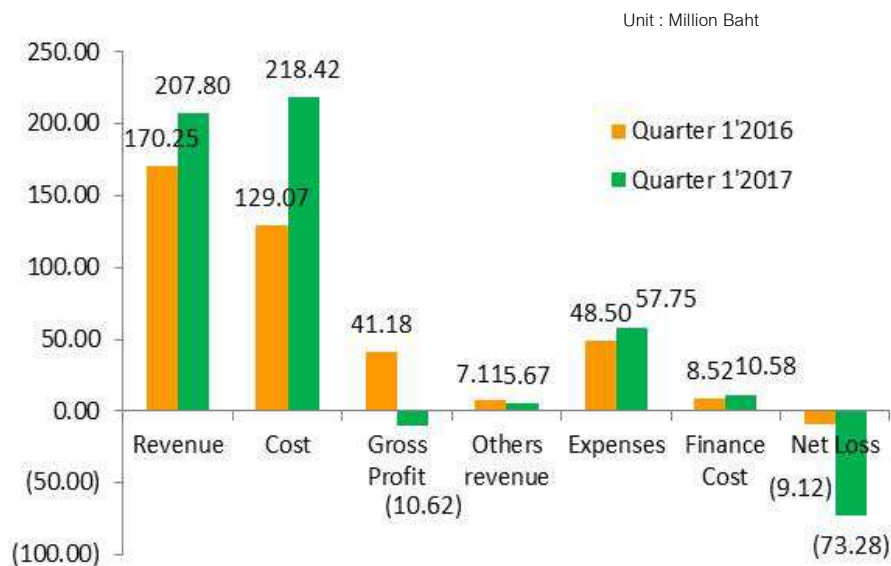
To: The President and the Management  
The Stock Exchange of Thailand

CHO and its subsidiaries would like to clarify the operating results for Quarter 1 Year 2017 which details are as follows.

**Business overview:**

In quarter 1' 2017, CHO and its subsidiaries reported total revenues of THB 213.47 million, increased by THB 36.11 million or 20.36%, YOY with net loss of THB73.28 million.

In quarter 1' 2017, CHO and its subsidiaries, reported net loss of THB 73.28 million, increased by THB 64.17 million. It is because productions of special design product with the new technology, for instance, Water and Foam Fire Fighting Truck, the production of Fitted for Radio Vehicle for Military. There is an increase of cost for production and development of new products which caused the increasing loss in this period. The results are shown as a chart below.



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**Revenue:**

In quarter 1' 2017, CHO and its subsidiaries, reported total revenues of THB 213.47 million, increased by THB 36.11 million, YOY. The revenue of THB 207.80 million is from the main business, increased by THB 37.54 million or 22.05%, The increased revenue was mainly due to the following details.

- Revenues from Sales contract of THB 175.10 million, increased by THB 41.31 million or 30.88%, It is because the increase of standard product group (truck) and special design product group (Fire Fighting truck).
- Revenues from sales and services is THB 32.70 million, decreased by THB 3.77 million or 10.33%, because the revenue from truck maintenance service declined.
- Other revenue is THB 5.67 million. The revenue decreased by THB 1.43 million or 20.14%, because of gaining profit from the exchange rate in quarter 1' 2016.

**Total Cost :**

In quarter 1' 2017, CHO and its subsidiaries, reported the total cost of THB 218.42 million, increased by THB 89.34 million or 69.22%, YOY, due to the increase of cost per revenue and there are production costs of special design product with the new technology, for instance, Water and Foam Fire Fighting Truck, the production of Fitted for Radio Vehicle for Military. As a result, there is an increase of cost for new products production and development, and there is depreciation on investment in new factory building valued THB 2.27 million.

**Selling Expenses:**

In quarter 1' 2017, reported the selling expenses of THB 13.02 million, increased by THB 4.36 million, YOY, it is due to the increase of sales volume.

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**Administrative Expenses:**

In quarter 1' 2017, reported the administrative expenses of THB 44.73 million, increased by THB 4.89 million, YOY, It is due to an annual salary rate adjustment.

**Financing Cost :**

In quarter 1' 2017, reported the financing cost of THB 10.58 million, or increased by THB 2.06 million or 24.20%, YOY, due to the interest from issuing debenture stock for working capital.

**Net Loss :**

In quarter 1' 2017, reported the net Loss of THB 73.28 million, increasing by THB 64.17 million, YOY, with the net loss ratio of 34.33%.

**Financial Position :**

**CHO and its subsidiaries Financial Position as of 31 March 2017, Total assets were THB 1,766.59 million, increasing by THB 56.23 million or 3.29%, YOY**

As of March 31, 2017, CHO and its subsidiaries, reported a strong financial structure with cash and cash equivalents of THB 61.85 million, increased by THB 17.99 million, YOY. Total assets were THB 1,766.59 million, increasing by THB 56.23 million or 3.29%. The increasing because of as of March 31, 2017, Debt to Equity Ratio of CHO and its subsidiaries was 1.90 times, increasing 0.39 times, due to the company reported a net loss THB 73.28 million in quarter 1' 2017.

**Cash Flow :**

**Cash flow of CHO and its subsidiaries**

In quarter 1' 2017, CHO and its subsidiaries, reported a net cash flow of THB (163.68) million from the inventory investment and the increase of payment for account payable, net cash flow from fund management is THB 202.39 million. As of March 31, 2017, CHO and its subsidiaries

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reported net cash of THB 61.85 million.

### Key Financial Ratios

#### Financial Ratios

#### Liquidity Ratio :

In quarter 1' 2017, CHO and its subsidiaries, reported Liquidity Ratio of 1.02 times, decreasing 0.13 times, YOY.

#### Profitability Ratio :

CHO and its subsidiaries, reported Gross Profit Margin of (5.11%), decreased by 29.30%, YOY, due to the increasing of cost for special design product group as Fire Fighting truck, Fitted for Radio Vehicle for military. It caused the decreasing gross profit margin, Increase of cost of new products. The Operating Profit Margin is (30.17%), decreasing by 30.05%, YOY, due to the decrease of the gross profit margin.

The net loss ratios (34.33%), increasing from 29.19%, YOY.

#### Financial Ratio :

CHO and its subsidiaries, reported the Debt to Equity Ratio of 1.90 times, increasing by 0.39 times, YOY.

Please be informed accordingly.

Best Regards,

Cho Thavee Public Company Limited

(Mr. Suradech Taweesaengsakulthai)

President and Chief Executive Officer

#### บริษัท ซี ทวี จำกัด (มหาชน)

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