

Autocorp Holding Public Company Limited

Management Discussion and Analysis

Operating results for the period ended 30 June 2019

Business Overview

Autocorp Holding Public Company Limited (ACG) is a holding company, involving in automobile industry including sales and services and other related business. Honda Maliwan Co. Ltd. is a core company of ACG which is a distributor of Honda car. Honda Maliwan Co., Ltd currently own and operate 9 branches which are predominantly in major metropolitan markets in both the Southern and Northeastern region of Thailand.

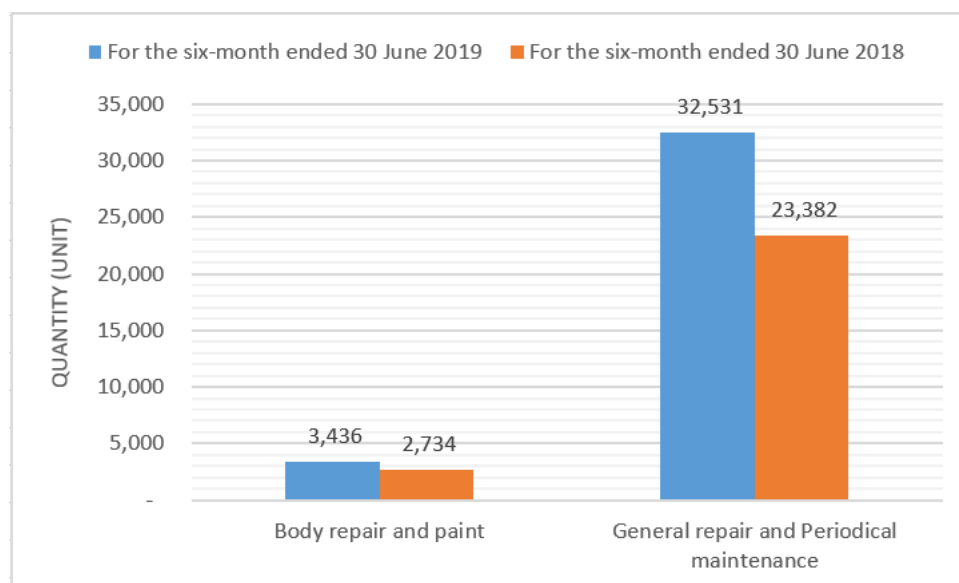
Financial Statement Analysis for six-month ended 30 June 2019

Unit: THB mn	2Q19	2Q18	YoY
Revenue from sale and rendering of services	1,490	1,010	47.5%
Commission income	37	24	54.2%
Other income	14	9	55.6%
Total revenue	1,541	1,043	47.8%
Cost of Sales and rendering of services	1,394	931	49.7%
Distribution costs	32	42	-23.8%
Administrative expense	62	47	31.9%
Finance costs	14	14	-
Total expenses	1,502	1,034	47.1%
Profit before income tax expense	39	9	333.3%
Tax expenses	8	2	300.0%
Profit for the period	31	7	342.9%
Earnings per share (Baht)	0.07	0.02	250%
Net Profit Margin	2.0%	0.7%	185%

Revenue from sale and rendering of services

2Q19 revenue from sale and rendering of services increased by 47.5% YoY to THB 1,490 mn, the improvement was mainly due to the increase of sales and services of existing branches and the branch expansion in Phuket (Naka branch) and Krabi.

The graph showing below was the growth of rendering of service unit for six-month period ended 30 June 2019 comparing to 30 June 2018.



Commission Revenue

The commission revenue is an income from advising customer to financing loan or insuring car for new car purchase with financial institution partners or broker partners. The percentage of payment by credit and cash is 95:5.

2Q19 commission revenue increased by 54.2% YoY to THB 37 mn, it was mainly attributed to the increase of income from finance brokerage fees which was consistent with the increment of unit sold from branch expansion in Phuket and Krabi.

Other Income

Other income including rewarding money from the annually performance evaluation from Honda, gain on disposal of fixed assets which most of them are disposal of a demonstrator car, interest income and etc. 2Q19 other income increased by 55.6% YoY to THB 14mn, the improvement was 47.2% from net gain on disposal of fixed asset and 35.9% from the increment of rewarding money from the annually performance evaluation from Honda.

Administrative Expense

2Q19 administrative expense increased by 31.9% YoY to THB 62 mn, it was mainly attributed to the expansion of new branches in Phuket and Krabi as well as the salary structure adjustments in Jan.19. There are many expenses relating to the branch expansion such as rental expense, employee

expense, utility expense, depreciation expense and etc. The administrative expense of only new branches was counted as 27.5% of total 2Q19 administrative expense.

Net profit

2Q19 net profit increased by 342.9% YoY to THB 31 mn, the improvement was driven mainly by an improved revenue from sale and rendering of services and other income. Moreover, expenses were controlled at slower pace than revenue growth.

Financial position analysis:

As of 30 June 2019, the Company's total assets were THB 1,584 mn, up 30.9% from THB 1,210 mn at the end of 2018, mainly because of the increasing capital from initial public offering ("IPO"), notably higher inventory and property plant and equipment.

Cash and cash equivalents increased amounting to THB 262 mn, it was mainly because on 24 June 2019, the Company has a registered paid-up capital of 156 million newly issued shares for a total of THB 224.6 mn, after deduction expense incurring from this offering, the remaining proceeds were in the amount of THB 215.1 mn.

Net inventories increased by 34.9% from 2018-end to THB 292 mn, mainly due to the Krabi and Naka branches officially started selling in January and April 2019 respectively. Thus, the Company needed to have a car-stock to support sale.

Property, plant and equipment increased by 6.8% compared to 2018-end to THB 42.3 mn, it was mainly attributed to the construction of Naka and Krabi branches. Naka branch finished constructed and officially opened in Mar'19. However, Krabi was in the process of construction.

Total liabilities increased by 15.5% to THB 953 mn, mainly due to the increase of accounts payable amounting to THB 98 mn compared to 2018-end. The increase of accounts payable was in line with the increase of volume stock for Naka and Krabi branches.

Total shareholders' equity increased by 63.8% from end of 2018 to THB 631 mn, mainly from the increasing capital from initial public offering ("IPO").

Please be informed accordingly,

Yours sincerely

(Phanumast Rungkakulnuwat)

Chief Executive Officer