

Autocorp Holding Public Company Limited
Management Discussion and Analysis
Operating Results for the First Quarter of 2020

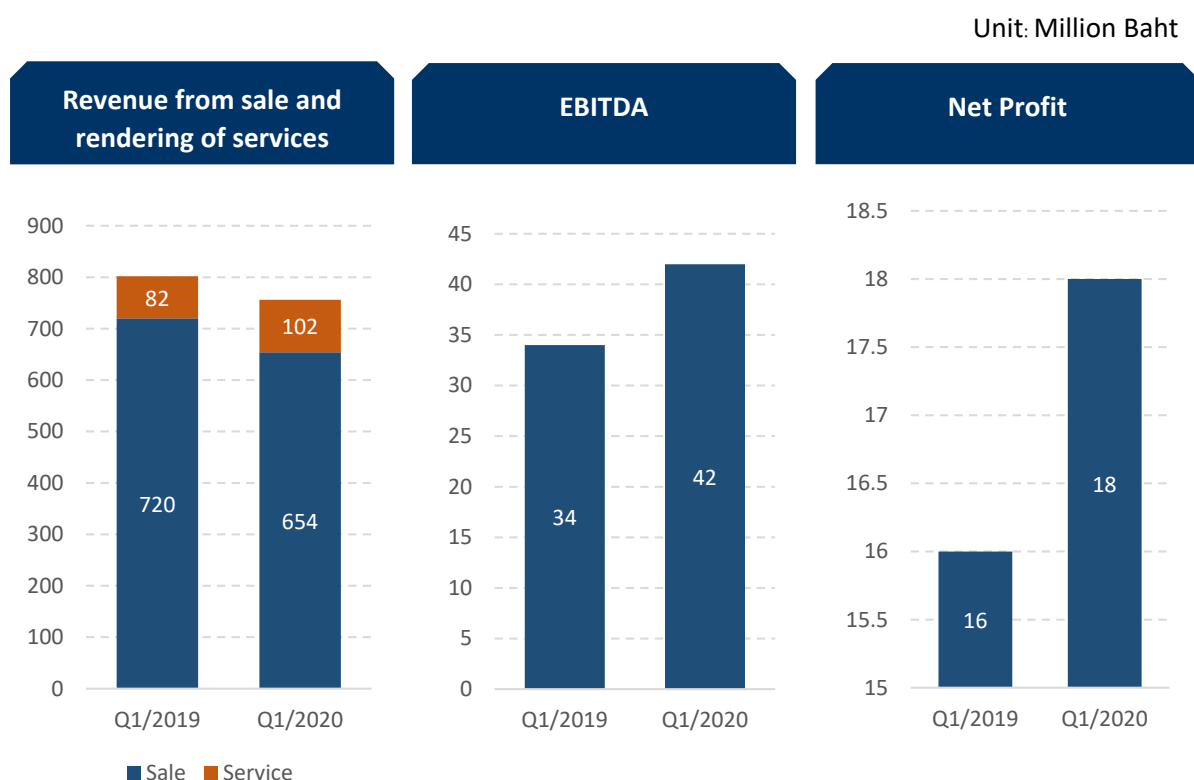
Business Overview

Autocorp Holding Public Company Limited (ACG) operates the business as a holding company investing in other company that main business are car and accessories sales, repair service and Honda branded spare parts sales, finance and insurance provider. The Group company is one of the Honda dealers and has the most showrooms and service centers in Thailand. Presently, it operates 10 branches in high potential province in Northeastern and Southern region of Thailand.

Overall operating performance

For overall operating performance in Q1/2020, the Group company's net profit for the three-month period ended 31 March 2020 was Baht 18 million, increased by Baht 2 million or 13% and EBITDA increased by Baht 8 million or 24% when compared with Q1/2019. It was mainly from the operating performance of repair and maintenance services and spare parts sales increased, especially in body and paint repair service that resulted in an increase in gross profit, due to the opening of Naka branch in March 2019 and Mueang Krabi branch in October 2019.

The details of revenue from sale and rendering of services, EBIDA and net profit for operating performance in Q1/2020 compared with Q1/2019.



Analysis of the operating performance

Unit: Million Baht

Key financial information	Q1/20	Q1/19	Change + / (-)	%
Revenue from cars and accessories dealership	654	720	(66)	(9%)
Revenue from repair and maintenance services and spare parts dealership	102	82	20	24%
Total revenue from sale and rendering of services	756	802	(46)	(6%)
Gross profit	55	48**	7	15%
Commission income	24	21	3	14%
Distribution costs	18	16**	2	13%
Administrative expenses	32	29	3	10%
Profit for the period	18	16	2	13%

** Reclassified in according with TFRS15 for comparative analysis.

Revenue

Revenue from sale and rendering of services in Q1/2020 was Baht 756 million, decreased by Baht 46 million or 6% from Q1/2019. The details are as follows:

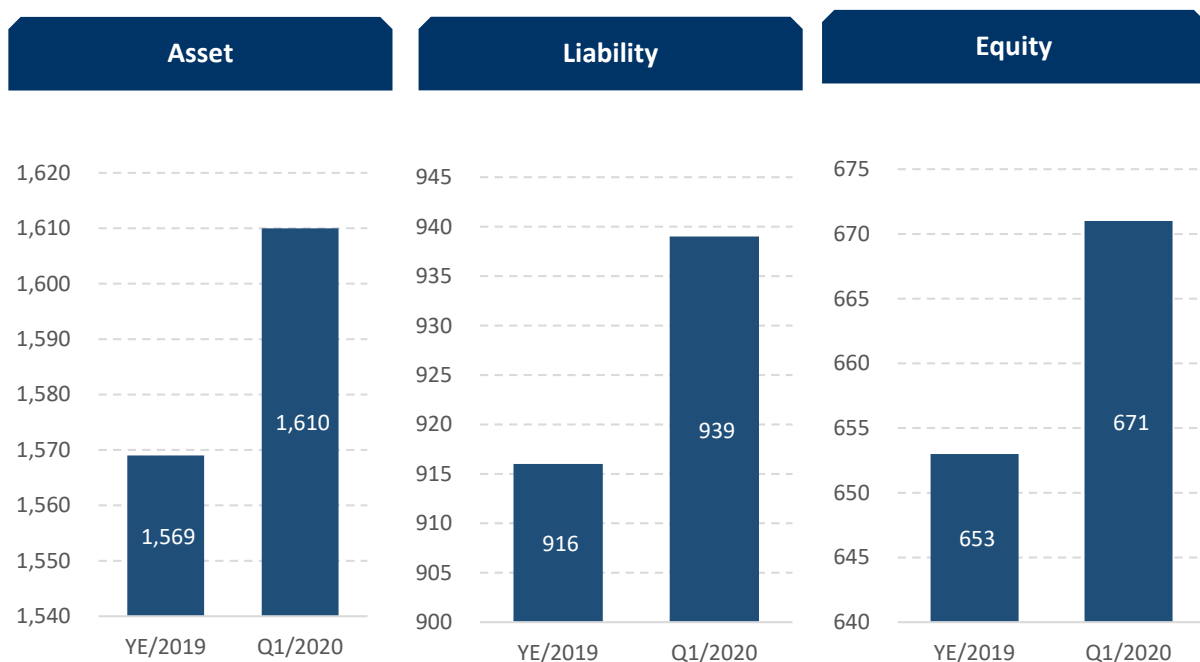
- ☐ Revenue from cars and accessories dealership decreased by Baht 66 million or 9%, mainly due to decreased sale volume. On overall caused by global social and economic situation from the COVID-19 pandemic, that caused economic slowdown, resulting in the decrease of sale volume in March 2020 when compared with January, February 2020 and Q1/2019
- ☐ Revenue from repair and maintenance services and spare parts dealership increased by Baht 20 million or 24%, mainly from the opening of Naka branch in March 2019 and Mueang Krabi branch in October 2019, resulting in the increase of service volume when compared with Q1/2019.
- ☐ Commission income increased by Baht 3 million or 14%, due to the 21% increase in finance commission income per contract when compared with Q1/2019.

Expense

- ☐ Distribution costs increased by Baht 2 million or 13%, mainly due to employee salary because of the increased number of employees from the opening new branches and increase of depreciation from construction of Mueang Krabi Branch that was completed at the end of 2019 and started operating in January 2020.
- ☐ Administrative expenses increased by Baht 3 million or 10%, mainly due to employee salary because of the increased number of employees from the opening new branches and management salaries increment during Q3/2019. Moreover, administrative expenses also increased from depreciation because the construction at Mueang Krabi branch that was completed at the end of the year 2019.

Analysis of the Financial Position

Unit : Million Baht



Asset

As of 31 March 2020, the total assets of the Group company were at Baht 1,610 million, increased by Baht 41 million or 3% from 31 December 2019. The details of significant changes are as follows:

- ☐ Cash and cash equivalents as of 31 March 2020 were Baht 123 million, decreased by Baht 31 million or 20%. The decrease was mainly due to the use of funds as working capital and payment of trade accounts payable for purchases during the end of 2019.
- ☐ Trade accounts receivable as of 31 March 2020 were Baht 49 million, decreased by Baht 81 million or 62% due to trade accounts receivable in the sale of cars decreased by Baht 83 million. This is because, during the end of March 2020, sales and delivery of cars decreased when compared to the end of December 2019 with the COVID-19 pandemic. The average collection period was 11 days, decreased by 2 days from 2019.
- ☐ Inventories as of 31 March 2020 were Baht 540 million, increased by Baht 66 million or 13%, mainly from the increase of car products Baht 67 million. This is because, during the period, the Group company ordered more cars because the delivery of new City that were launched in late 2019 by Honda, which is a popular model has started. Therefore, ordered to support customers' orders. The average inventory period was 67 days, increased by 22 days from 2019.
- ☐ Right-of-use assets as of 31 March 2020 were Baht 94 million, increased by Baht 94 million or 100% because of the record of long-term land lease agreements according to TFRS16.

Liabilities

As of 31 March 2020, the total liabilities of the Group company were at Baht 939 million, increased by Baht 23 million or 3% from 31 December 2019. The details of significant changes are as follows:

- ☐ Bank overdrafts and short-term loans from financial institutions as of 31 March 2020 were Baht 690 million, increased by Baht 20 million or 3% due to the use of funds as working capital.
- ☐ Trade accounts payable as of 31 March 2020 were Baht 83 million, decreased by Baht 79 million or 49% mainly due to the postponement of cars receiving from Honda at the end of March 2020 because it is expected that cars are still sufficient for sales. Therefore, Honda payable significantly decreased when compared to the end of the year 2019 which more cars were received, resulting in a large amount of outstanding which is not yet due. The average payment period was 14 days, decreased by 3 days from 2019.
- ☐ Other current payables as of 31 March 2020 were Baht 27 million, decreased by Baht 5 million or 7% , mainly due to a decline in construction payable because the construction of Mueang Krabi Branch was completed at the end of the year 2019.
- ☐ Long-term loan from financial institution as of 31 March 2020 was Baht 36 million, decreased by Baht 7.5 million or 18%, due to loan repayment according to loan agreement.
- ☐ Lease liabilities as of 31 March 2020 were Baht 94 million, increased by Baht 94 million or 100% because of the record of long-term land lease agreements according to TFRS16.

Equity

As of 31 March 2020, the total equity of the Group company was at Baht 671 million, increased by Baht 18 million or 3%, due to net profit amounted to Baht 18 million.

Statement of Cash Flow

Unit: Million Baht

Cash Flow	Jan.-Mar 2020	Jan.-Mar 2020
EBIDA	42	34
Change in operating assets and liabilities	(72)	63
Net cash flows from (used in) operating activities	(30)	97
Net cash flows from (used in) investing activities	(6)	(29)
Net cash flows from (used in) financing activities	5	(44)
Net cash increase (decrease)	(31)	24
Cash at beginning	154	167
Cash at ending	123	191

As at 31 March 2020, the ending cash and cash equivalents was Baht 123 million. Net cash flow decreased by Baht 31 million, which was mainly decreased from cash used in operating activities.

- ☐ Net cash outflow from operating activities of Baht 30 million included the cash inflow from gain on EBITDA of Baht 42 million and the cash outflow from change in operating assets and liabilities of Baht 72 million which was mainly decreased from an increase in inventory of Baht 66 million and a decrease in account payable of Baht 79 million. Nevertheless, the main transaction that caused the cash inflow is a decrease in account receivable of Baht 81 million.
- ☐ Net cash outflow from investing activities of Baht 6 million, was mainly from disbursement for payable for construction cost and purchase of equipment at Mueang Krabi Branch.
- ☐ Net cash inflow from financing activities of Baht 5 million, cash inflow was from short-term loans from financial institutions drawdown of Baht 710 million. The cash outflow included loan repayment of Baht 698 million and interest payment of Baht 7 million.

Please be informed accordingly,

Yours sincerely

(Phanumast Rungkakulnuwat)

Chief Executive Officer