



13 May 2020

Subject: Management Discussion and Analysis of the Operating Performance for the three-month period ended March 31, 2020

To: The President of Stock Exchange of Thailand

Quarterly Summary

(Unit: Million Baht)

Statements of comprehensive income	Q1/2020	Q4/2019	Q1/2019	% QoQ	% YoY
Sales Revenue	1517.65	1208.54	1751.23	25.6	(13.3)
Cost of Sales	1447.38	1298.87	1753.21	11.4	(17.4)
Gross Profit	70.26	(90.33)	(1.98)	177.9	3645.1
Selling Expenses	19.64	17.78	23.24	10.5	(15.5)
Administrative expenses	124.56	123.7	153.21	0.7	(18.7)
Profit (Loss) on exchange	(19.52)	7.07	(0.007)	(375.9)	278742
Finance Cost	57.57	51.48	52.62	11.9	9.4
Loss for the period	162.43	321.39	243.18	(49.5)	(33.2)

Operating Performance for the three-month period ended March 31, 2020

- Sales revenue increased by 25.6% QoQ or Baht 305 million from Baht 1,208.54 million to Baht 1,517.65 million. However, sales revenue decreased 13.34% YoY or Baht 234 million because compressor's sales volume for refrigeration had significantly reduced. Yet, sales volume for air-conditioning segment increased. In the first quarter of 2020, the Company was also affected by the outbreak of the COVID-19 virus, in terms of sales, operations and the supply chain of raw materials and components.
- Cost of sales was Baht 1,447 million which was 95.7 of sales revenue, decreasing from 107.5 QoQ and 100.3 YoY. This turned the Company's gross profit to be positive.
- Gross profit of Baht 70.26 million increased by 177.8% QoQ and 3645% YoY or Baht 70.26 million due to more effective cost control of production management.
- Selling expenses of Baht 20 million increased by 10.5% YoY or Baht 2 million because of higher sale revenue.
- Administrative expenses of Baht 125 million increased by 0.7% QoQ or Baht 0.9 million. Comparing to last year, administrative expenses declined by 18.7% or Baht 28.65 million from Baht 153.21 million to Baht 124.56 million. The company sent a number of staff to the USA for operations in Bristol project, resulting to high expenses in the first quarter of 2019.
- Loss on exchange increased by Baht 26.56 Baht QoQ and Baht 19.52 million YoY as a result of the fluctuation of exchange rate. However, loss on exchange of Baht 12 million is classified as unrealized loss.



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LEADING MANUFACTURER IN HERMETIC COMPRESSOR FOR REFRIGERATION & AIR CONDITIONING SINCE 1980

- Finance cost increased by 11.9% QoQ or Baht 6 million from Baht 51.48 million to Baht 57.57 million and increased by 9.4% YoY or Baht 4.95 million because the Company utilized more overdraft and short-term loans. This is to improve the Company's liquidity.
- Net Loss decreased by 49.5% QoQ from Baht 321.39 million to Baht 162.43 million and decreased by 33.2% YoY from Baht 243.18 million due to a decreasing in cost of sales as mentioned above.

As the Company's securities have been posted with "C" (Caution) sign due to the Company's shareholder's equity being less than 50% of paid-up capital, the Group is in the process of implementing operational plans to change its strategies and future business model as follows;

1. To execute business plan and performance improvement plan in order to generate more sale revenue and profit, increase production efficiency, reduce cost of production and operating expenses.
2. To complete business expansion in order to extend competitiveness and profit by investing in Bristol compressor project which is expected to commence within 2020.
3. To work with financial institution in order to adjust financial and capital structure, increase liquidity and minimize financial cost of Kulthorn Group.
4. To review the accounting policy of some fixed assets in order to reflect the fair value and company's intrinsic financial position.

Yours Sincerely,
Kulthorn Kirby Public Company Limited

(Mr. Surath Pralongsil)
Executive Vice President Finance