



TCM CORPORATION PLC.  
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**Subject** Clarification on Operating results of the first quarter of year 2020  
**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 the first quarter of year 2020 compared to the first quarter of year 2019 as follows.

The Corporate Group has net loss of Baht 26.47 million at the end of the first quarter of year 2020 compared to net profit of Baht 35.52 million at the same period of year 2019. The net profit was decreased by Baht 61.99 million or 174.52 percent. Details of the changes are described in the Management Discussion and Analysis as attached herewith.

Remark

The Corporate Group’s financial statement of the first quarter of year 2020 was audited by ANS Audited Co., Ltd. according to the approval from the Board of Directors’ Meeting 2/2020 which was held on February 28, 2020. It was resolved that Mr. Sathien Vongsnan, Certified Public Accountant No.3495 or Mr. Atipong Atipongsakul, Certified Public Accountant No.3500 or Mr. Vichai Ruchitanont, Certified Public Accountant No.4054 or Ms. Kultida Pasurakul, Certified Public Accountant No.5946 or Ms. Panita Chotisaengmaneeikul, Certified Public Accountant No.9575, the auditors of ANS Audit Co., Ltd., were appointed as the Company’s auditors for the year 2020.

Please be informed accordingly.

Your faithfully,

For and on behalf of TCM Corporation Public Company Limited

(Mrs.Noppaporn 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 1,630.39 million for the 1<sup>st</sup> quarter of 2020, decreased from THB 2,118.95 million or by 23.06 percent in the same period of the previous year. EBITDA was THB 95.57 million, decreased from the same period of the previous year by 38.35 percent. Net loss was THB 26.47 million, or 174.52 percent lower than the previous year. Net loss attributable to owners of the parent was THB 42.77 million.

The revenue from sales and services can be divided into incomes from TCM Flooring 28.59 percent, TCM Automotive 12.79 percent, and TCM Living 58.62 percent.

## Performance by Group of Business

### TCM Flooring

Unit THB million

Details	Q1/2020	Q1/2019	Change	% of sales	% of sales
			% YoY	Q1/2020	Q1/2019
Revenue from Sales and Services	466.15	679.93	-31.44%	100.00%	100.00%
Cost of Sales and Services	(283.57)	(443.18)	-36.01%	60.83%	65.18%
<b>Gross Margin</b>	<b>182.58</b>	<b>236.75</b>	<b>-22.88%</b>	<b>39.17%</b>	<b>34.82%</b>
Other incomes	4.47	6.14	-27.16%	0.96%	0.90%
Selling expenses	(135.80)	(147.63)	-8.01%	29.13%	21.71%
Administrative expenses	(104.49)	(118.82)	-12.06%	22.42%	17.48%
Profit (Loss) from exchange rate	12.59	3.22	290.80%	2.70%	-0.47%
<b>Operating income</b>	<b>(40.66)</b>	<b>(20.34)</b>	<b>99.83%</b>	<b>-8.72%</b>	<b>-2.99%</b>
Corporate expenses (Shared)	(2.67)	(7.39)	-63.86%	0.57%	1.09%
Financial cost	(28.33)	(29.93)	-5.34%	6.08%	4.40%
Tax income (expense)	6.56	18.15	-63.86%	1.41%	-2.67%
<b>Net profit (loss) for the quarter</b>	<b>(65.10)</b>	<b>(39.52)</b>	<b>64.73%</b>	<b>-13.97%</b>	<b>-5.81%</b>
EBITDA	(6.60)	18.11	-136.44%	-1.42%	2.66%

### TCM Flooring Performance

TCM Flooring had revenue from sales and services of THB 466.15 million, decreased by 31.44 percent from the same period of the previous year. As a result of the low season of the business, plus the effect from the Covid-19 pandemic which caused the lower revenue from Asia market significantly.

Cost of sales and services was 60.83 percent of revenue, increased from 65.18 percent in the same period of the previous year, due to the merging of manufacturing facilities in the first quarter of 2019 which caused high operating expenses, while in the first quarter of 2020 the cost of sales and services has been

reduced to a normal level. In addition, at the end of quarter there were reduction in overtime, direct and indirect costs of production, to prepare for the effects that may be occurred from the pandemic in the long term.

Selling, Distribution, and Administrative (SD&A) expenses amounted to THB 240.29 million. The selling expenses were THB 135.80 million or 29.13 percent of revenue, compared to THB 147.63 million or 21.71 percent in the same period of the previous year. The administrative expenses were THB 104.49 million or 22.42 percent of revenue, compared to THB 118.82 million or 17.48 percent in the same period of the previous year. The percentage of SD&A expenses were higher than the previous year because of the insufficient orders while the expenses were fixed.

Apart from the expenses of the TCM Flooring, there were administrative expenses of the Corporate Office allocated to TCM Flooring business amounted to THB 2.67 million, decreased from THB 7.39 million in the same period of the previous year.

When combined with the financial cost of THB 28.33 million, which was the interest of the loan used by the Corporate Group during the acquisition of the Commercial Carpet Business, the net loss then amounted to THB 65.10 million, decreased from the net loss of THB 39.52 million in the same period of the previous year. The EBITDA was minus THB 6.60 million, decreased from THB 18.11 million in the same period of the previous year.

Regarding to the interest of the loan used by the Corporate Group during the acquisition, the Corporate Group had negotiated with the creditor bank to skip the principle payment for 1 year in order to maintain liquidity of the business, which the bank had approved. As a result, the principle of the loan remaining the same, while receiving lower interests rate from the government measure to support the business sector during the crisis, which will be effected to the statement of the Corporate Group in second quarter.

## TCM Automotive

Unit THB million

Details	Q1/2020	Q1/2019	Change	% of sales	% of sales
			% YoY	Q1/2020	Q1/2019
Revenue from Sales and Services	208.49	347.72	-40.04%	100.00%	100.00%
Cost of Sales and Services	(167.57)	(270.95)	-38.15%	80.37%	77.92%
<b>Gross Margin</b>	<b>40.92</b>	<b>76.78</b>	<b>-46.70%</b>	<b>19.63%</b>	<b>22.08%</b>
Other incomes	0.21	0.76	-72.46%	0.10%	0.22%
Selling expenses	(7.51)	(11.11)	-32.34%	3.60%	3.19%
Administrative expenses	(12.88)	(16.80)	-23.31%	6.18%	4.83%
Profit (Loss) from exchange rate	(0.20)	1.49	-113.19%	-0.09%	0.43%
<b>Operating income</b>	<b>20.53</b>	<b>51.12</b>	<b>-59.83%</b>	<b>-9.85%</b>	<b>-14.70%</b>
Corporate expenses (Shared)	(0.73)	(1.42)	-49.04%	0.35%	0.41%
Financial cost	(0.18)	(0.15)	15.67%	0.08%	0.04%
Tax income (expense)	(4.38)	(10.21)	-57.08%	2.10%	2.94%
<b>Net profit (loss) for the quarter</b>	<b>15.25</b>	<b>39.33</b>	<b>-61.22%</b>	<b>7.31%</b>	<b>11.31%</b>
<b>EBITDA</b>	<b>36.08</b>	<b>73.42</b>	<b>-50.86%</b>	<b>17.31%</b>	<b>21.11%</b>

### TCM Automotive Performance

TCM Automotive had revenue from sales and services of THB 208.49 million, decreased from the same period of the previous year by 40.04 percent, resulted from the decelerate of automotive industry in Thailand and overseas. Cost of sales and services was 80.37 percent of revenue, increased from 77.92 percent in the same period of the previous year due to the lower sales and higher proportion of sales from PU, PVC products.

SD&A expenses amounted to THB 20.39 million, divided into selling expenses of THB 7.51 million or 3.60 percent of revenue, compared to THB 11.11 million or 3.19 percent of revenue in the same period of the previous year, and administrative expenses of THB 12.88 million or 6.18 percent of revenue, compared to THB 16.80 million or 4.83 percent of revenue in the same period of the previous year

Apart from the expenses of the TCM Automotive, there were administrative expenses of the Corporate Office allocated to TCM Automotive business amounted to THB 0.73 million, decreased from THB 1.42 million in the same period of the previous year.

EBITDA was THB 36.08 million or 17.31 percent of revenue, decreased from the amount in the same period of the previous year. Net profit was THB 15.25 million or 7.31 percent of revenue, compared to THB 39.33 million or 11.31 percent of revenue in the same period of the previous year.

## TCM Living

Unit THB million

Details	Q1/2020	Q1/2019	Change	% of sales	% of sales
			% YoY	Q1/2020	Q1/2019
Revenue from Sales and Services	955.76	1,091.30	-12.42%	100.00%	100.00%
Cost of Sales and Services	(686.53)	(795.77)	-13.73%	71.83%	72.92%
<b>Gross Margin</b>	<b>269.23</b>	<b>295.53</b>	<b>-8.90%</b>	<b>28.17%</b>	<b>27.08%</b>
Other incomes	7.70	5.51	39.65%	0.81%	0.51%
Selling expenses	(91.69)	(107.14)	-14.42%	9.59%	9.82%
Administrative expenses	(137.54)	(125.28)	9.78%	14.39%	11.48%
Profit (Loss) from exchange rate	4.59	(1.77)	359.79%	0.48%	-0.16%
<b>Operating income</b>	<b>52.29</b>	<b>66.85</b>	<b>-21.78%</b>	<b>5.47%</b>	<b>6.13%</b>
Corporate expenses (Shared)	(3.39)	(4.77)	-28.96%	0.35%	0.44%
Financial cost	(12.51)	(13.69)	-8.60%	1.31%	1.25%
Tax income (expense)	(13.01)	(12.68)	2.61%	1.36%	1.16%
<b>Net profit (loss) for the quarter</b>	<b>23.38</b>	<b>35.71</b>	<b>-34.53%</b>	<b>2.45%</b>	<b>3.27%</b>
EBITDA	66.09	85.88	-23.05%	6.91%	7.87%

## TCM Living Performance

TCM Living had revenue from sales and services of THB 955.76 million, which was 12.42 percent lower than the same period of the previous year, as a result of the COVID-19 pandemic in China since the beginning of February, the Corporate Group was not able to deliver products manufactured in China to customers overseas. In addition, in the UK, all factories and retail stores have been closed as per the orders of the government since the end of March. Including the effect of currency which had led to lower Baht income when converted from Pound. However, when comparing only Pound to Pound performance, the revenue from sales and services were lower than the same period of the previous year by 7.09 percent.

Cost of sales and services was 71.83 percent of revenue, decreased from 72.92 percent in the same period of the previous year.

SD&A expenses amounted to THB 229.23 million, divided into selling expenses of THB 91.69 million or 9.59 percent of revenue, decreased from the same period of the previous year, and administrative expenses of THB 137.54 million or 14.39 percent of revenue, increased from THB 125.28 million or 11.48 percent in the same period of the previous year, due to the new management level personnel in the second and third quarter of 2019.

Apart from the expenses of the TCM Living, there were administrative expenses of the Corporate Office allocated to TCM Living business amounted to THB 3.39 million, decreased from THB 4.77 million in the same period of the previous year.

EBITDA was THB 66.09 million, or 6.91 percent of the revenue, decreased from THB 85.88 million or 7.87 percent in the same period of the previous year.

Therefore, the net profit amounted to THB 23.38 million or 2.45 percent of revenue, decrease from THB 35.71 million or 3.27 percent in the same period of the previous year.

## Consolidated Performance

Unit THB million

Consolidated Statement	Q1/2020	Q1/2019	Change
			% YoY
<u>Revenue</u>			
Revenue from Sales and Services	1,630.39	2,118.95	-23.06%
Other Incomes	12.38	12.40	-0.16%
<b>Total revenue</b>	<b>1,642.77</b>	<b>2,131.35</b>	<b>-22.92%</b>
<u>Expenses</u>			
Cost of sales and services	(1,137.67)	(1,509.89)	-24.65%
Selling expenses	(235.01)	(265.88)	-11.61%
Administrative expenses	(254.91)	(260.90)	-2.30%
Corporate expenses	(6.79)	(13.59)	-50.04%
Gain (loss) from exchange rate	16.99	2.94	477.89%
Financial costs	(41.02)	(43.77)	-6.28%
<b>Total expenses</b>	<b>(1,658.41)</b>	<b>(2,091.09)</b>	<b>-20.69%</b>
<b>Net profit before TAX</b>	<b>(15.36)</b>	<b>40.26</b>	<b>-138.15%</b>
Tax expenses	(10.83)	(4.74)	128.48%
<b>Profit (loss) for the quarter</b>	<b>(26.47)</b>	<b>35.52</b>	<b>-175.52%</b>
<b>Profit (loss) for TCMC</b>	<b>(42.77)</b>	<b>4.12</b>	<b>-1,138.11%</b>
<b>EBITDA</b>	<b>95.57</b>	<b>990.76</b>	<b>-38.35%</b>
Weighted average number of ordinary shares (shares)	763,201,125	763,188,975	
Basic earnings per share (Baht)	(0.06)	0.01	

## Other Incomes

The Corporate Group had other incomes of THB 12.38 million, compared to THB 12.40 million in the same period of the previous year. The other incomes were from interests, rental fees, assets selling, and scrap selling etc.

## Financial Cost

The Corporate Group had financial cost of THB 41.02 million in the 1<sup>st</sup> quarter of 2020, decreased from THB 43.77 million in the 1<sup>st</sup> quarter of year 2019, since the Corporate Group has promptly serviced bank loans and interest payment for the loan borrowings from bank for investment in the business of the Corporate Group.

## Statement of Financial Position

Unit THB million

Statement of consolidated financial position	As of 31	As of 31	Change	
	March, 2020	December, 2019	Million Baht	%
Total Assets	8,452.24	8,375.32	76.92	0.92
Total Liabilities	5,594.73	5,491.52	103.21	1.88
Shareholders' Equity	2,857.51	2,883.80	(26.29)	(0.91)
D/E Ratio	2.25:1	2.19:1		

The Corporate Group's total assets as of 31 March 2020 were lower than the total assets as of 31 December 2019 by THB 76.92 million or 0.92 percent. Total liabilities as of 31 March 2020 were higher than the total liabilities as of 31 December 2019 by THB 103.21 million or 1.88 percent. Shareholders' equity as of 31 March 2020 was lower than that as of 31 December 2019 by THB 26.29 million or 0.91 percent, due to the adoption of new financial reporting standards, financial instrument group, which has been effective since 1 January 2020. As a result, D/E ratio at the end of the period was at 1.25:1 compared to year end 2019 at 2.19:1. (Considering only the part of major shareholders).