



No. INGRS062

14 December 2020

Subject : Management Discussion & Analysis (MD&A) for the consolidated financial statements of the 3<sup>rd</sup> quarter ended 31 October 2020

To : The President  
The Stock Exchange of Thailand

Ingress Industrial (Thailand) Public Company Limited (“INGRS”) would like to provide an explanation on the consolidated financial statements of the Company for the 3<sup>rd</sup> quarter ended 31 October 2020:

## 1. Sales Revenue

### 1.1 Sales revenue for the 3-months period ended 31 October 2020 (“Q3”)

In Q3, INGRS registered sales revenue of Baht 654.15 million, a reduction of Baht 41.19 million or 5.9% from the 3-months period ended 31 October 2019.

The breakdown of the revenue by countries are as follows:

Countries	Q3 FY2020/21 Baht million	Q3 FY2019/20 Baht million	Variance (Baht million)	Variance (%)
Thailand	205.47	243.12	(37.65)	(15.5)
Malaysia	369.87	347.46	22.41	6.4
Indonesia	27.34	60.86	(33.52)	(55.1)
India	51.46	43.90	7.56	17.2
<b>Total</b>	<b>654.15</b>	<b>695.34</b>	<b>(41.19)</b>	<b>(5.9)</b>

Although the revenue was relatively lower than last year achievement, Q3 has showed an improvement against the previous quarter Q2 by Baht 244.19 million or 59.6% contributed by recovery of demand in automotive industry from all countries of operation especially Thailand and Malaysia. Although the volume is yet to stabilized from the impact of Covid-19, the numbers represent a positive recovery in the market.

As compared to the Q2 for the delivery volume in terms of units, the recovery in Q3 is illustrated as below:

Volume (Units)	Thailand (Units)	Malaysia (Units)	Indonesia (Units)	India (Units)	Total (Units)
Q3 FY21	338,834	123,779	133,503	190,510	786,626
Q2 FY21	142,673	74,885	30,364	72,913	320,835
<b>Improvement</b>	<b>196,161</b> 137%	<b>48,894</b> 65%	<b>103,139</b> 340%	<b>117,597</b> 161%	<b>465,790</b> 145%

For Q4, the outlook is on a further improvement as the demand for new cars has increased from aggressive campaigns by OEMs as well as from the results of stimulus packages offered by the Governments of each country to stimulate the economy, directly and indirectly affecting the automotive industry.

## 1.2 Sales revenue for the 9-months period ended 31 October 2020

For the 9-months period ended 31 October 2020, INGRS registered sales revenue of Baht 1,497.73 million, a reduction of Baht 675.88 million or 31.1% from the 9-months period ended 31 October 2019 of Baht 2,173.61 million.

Details of the revenue are as illustrated below:

Countries	9-months FY2020/21 Baht million	9-months FY2019/20 Baht million	Variance (Baht million)	Variance (%)
Thailand	504.17	804.64	(300.47)	(37.3)
Malaysia	822.20	1,044.45	(222.25)	(21.3)
Indonesia	67.18	173.19	(106.01)	(61.2)
India	104.18	151.33	(47.15)	(31.2)
<b>Total</b>	<b>1,497.73</b>	<b>2,173.61</b>	<b>(675.88)</b>	<b>(31.1)</b>

## 1.3 Explanation of sales revenue

The improvement seen in Q3 as compared to Q2, as a result of positive market recovery especially in Thailand, Indonesia and India from the impact of Covid-19 pandemic. INGRS has resumed operation and fulfilling orders from OEMs throughout the quarter with high-capacity utilization towards the end of the quarter especially in Thailand and Malaysia.

For the Q3, operation activities can be summarized as follows: -

Thailand – production at high capacity as most OEMs in Thailand had resumed full operation and supported by high export demand.

Malaysia – In Malaysia, the promising order trend from Q2 continued in Q3. This was seen as impact from 100% sales tax exemption granted by the Government of Malaysia for purchase of CKD vehicles until 31 December 2020, stimulating the demand.

Indonesia and India – improving volume in Q3 as most OEMs has resumed operation although not at optimum level, as both countries are badly hit by the positive cases of Covid-19.

## 2. Profit/(Loss) After Taxation (“PAT”)/ (“LAT”)

### 2.1 PAT/(LAT) for the Q3

INGRS registered loss after taxation of Baht 28.43 million for the Q3 as compared to profit after taxation of Baht 0.52 million from the same period last year.

The impact from the lower revenue was the main factor on the losses recorded. The gross profit declined to 15.2% in Q3 as compared to 19.8% in the same period last year. Despite the lower revenue, INGRS strategies on cost escalation control has seen an improvement as the Gross Profit in Q3 has improved as compared to the Gross Loss of 2.9% in Q2.

Selling and distribution expenses has reduced from Q3 last year by Baht 1.98 million, in tandem with the reduction of revenue.

Administrative expenses in Q3 shown a reduction of Baht 7.65 million as compared to the same period last year as a result of aggressive costs reduction activities.

In relation to finance cost, Q3 recorded higher than last year by Baht 6.08 million due to additional borrowings in Malaysia for the new project capital expenditures. The project is for INGRS subsidiary, Ingress AOI Technologies Sdn. Bhd. (“IATSB”) which expected to start production in end January 2021.

## **2.2 PAT/(LAT) for the 9-months period ended 31 October 2020**

INGRS registered loss after taxation of Baht 218.69 million for the 9-months period ended 31 October 2020 as compared to profit after taxation of Baht 19.56 million from the same period last year.

The main reason for the losses is due to the significant drop in revenue as explained above. The Gross Profit was recorded lower at 64.7% for the 9-months period ended 31 October 2020 as compared to 13.0% recorded last year.

Selling and distribution costs for 9-months ended 31 October 2020 reduced by to Baht 25.03 million from Baht 41.24 million for the same period last year. This is directly related to the lower revenue for the period.

Administrative expenses shown a significant reduction of Baht 36.86 million for the 9-months ended 31 October 2020 as compared to a total of Baht 362.33 million for the same period last year. The continuous cost reduction activities and enhanced austerity drive are the main reasons for the savings to further improve the bottom line.

Finance cost continues to rise for the 9-months ended 31 October 2020 by Baht 5.46 million mainly due to the additional borrowings. The two main projects namely high tensile project in Malaysia by IATSB and the Hyundai project in Indonesia by PT Ingress Industrial Indonesia (“PTII”) and PT Ingress Malindo Ventures (“PTIMV”) requiring capital intensive investment during the development.

## **3. Profit/(Loss) after Taxation and Minority Interests (“PATMI”)/ (“LATMI”)**

### **3.1 PATMI/LATMI for the Q3**

INGRS registered LATMI of Baht 16.73 million for the Q3 as compared to the same period last year with PATMI of Baht 16.18 million.

### **3.2 PATMI/LATMI for the 9-months period ended 31 October 2020**

INGRS registered LATMI of Baht 170.76 million for the 9-months period as compared to the same period last year with PATMI of Baht 31.66 million.

Explanation for such decrease due to drop in sales as provided in Section 1 above.

#### 4. Financial Position

Million Baht	October 2020	January 2020	Variance	
			Amount	%
Total Assets	4,528.46	4,125.04	403.42	9.8
Total Liabilities	2,279.72	1,662.73	616.99	37.1
Total Equities	2,248.73	2,462.31	213.58	8.7

As at 31 October 2020, INGRS's assets rose by Baht 403.42 million as compared to 31 January 2020 largely attributable by the additional capital investment in new projects by IATSB, PTIII and PTIMV.

Total liabilities also increased by Baht 616.99 million or 37.1% from 31 January 2020 from additional borrowings to support the capital investments.

As a result of losses incurred for the first 3 quarters, total shareholders' equities further reduced from Baht 2,462.31 million on 31 January 2020 to Baht 2,248.73 million on 31 October 2020.

Moving forward, INGRS is looking for a promising outlook of Q4 as recovery in Thailand and Malaysia is more imminent based on the highlights in Q3. This trend is seen to be continuous until next year as all economies worldwide is expected to grow positively.

Please be informed accordingly.  
Yours sincerely,

  
**Mr. Hamidi Bin Maulod**  
Chief Executive Officer

