



November 12, 2018

Subject: Management discussion and analysis for the third quarter of 2018
Attention: The President,
The Stock Exchange of Thailand

Vintcom Technology Public Company Limited (the "Company") would like to submit the management discussion and analysis for the third quarter of 2018 as follows:

Revenues

Type of Revenue	Consolidated financial statements			
	Third quarter, 2018		Third quarter, 2017	
	THB Million	%	THB Million	%
Revenue from sale	321.49	75.45	294.53	70.97
Revenue from rendering of services	103.43	24.28	115.20	27.76
Other income	1.15	0.27	5.26	1.27
Total revenue	426.07	100.00	414.99	100.00

1. Revenue from sale

For the third quarter of 2018, the Company and its subsidiaries earned revenue from sale of goods amount THB 321.49 million, an increase from the same period in 2017 amount THB 26.97 million, or 9.16% resulting from revenue from projects relating to sales to public sectors was higher than the same period of last year.

2. Revenue from rendering of services

For the third quarter of 2018, the Company and its subsidiaries earned revenue from rendering of services amount THB 103.43 million, a decrease from the same period of last year THB 11.78 million, or 10.22%, resulting from a decrease in revenue from services provided to overseas clients.

3. Other income

In the third quarter of 2018, the Company and its subsidiaries had other income amount THB 1.15 million, an increase from the same period of last year THB 4.12 million. The decrease mainly resulted from lower gain on exchange rate.



Cost of sale of goods and rendering of services, and gross profit

	Consolidated financial statements			
	Third quarter, 2018		Third quarter, 2017	
	THB Million	%	THB Million	%
Revenue from sale of goods and rendering of services	424.92	100.00	409.73	100.00
Cost of sale of goods and rendering of services	360.16	84.76	350.56	85.56
Gross profit	64.76	15.24	59.17	14.44
Gross profit margin (%)		14.56		16.66

For the third quarter of 2018, the Company and its subsidiaries' cost of sale of goods and rendering of services was THB 360.16 million, compared to THB 350.56 million in the same period in 2017, an increase THB 9.60 million, or 2.74%. Revenue from sale of goods and rendering of services increase 3.71%. In addition, cost of sale of goods and rendering of services was 84.76% of revenue from sales of goods and rendering of services, slightly decrease when compared to 85.56% in 2017. In sum, the gross profit was 15.24%, slightly higher than 14.44% gross profit of the same period in 2017.

Expenses

Distribution costs

For the third quarter of 2018, the Company and its subsidiaries' distribution costs was THB 11.37 million, an increase from the same period in 2017 amounting to THB 2.66 million, or 30.57%. Distribution costs was 2.67% of total revenue, slightly higher than that in the same period of 2017 which was 2.10%.

Administrative expenses

For the third quarter of 2018, the administrative expense was THB 37.50 million, an increase from the same period in 2017 of THB 1.73 million, or 4.82%. The administrative expense was 8.80% of total revenue, slightly higher than that in the same period of last year (Third quarter in 2017: 8.62%),

Net Profit and Net Profit Margin

The Company and its subsidiaries' net profit for the third quarter of 2018 was THB 11.21 million, an increase of THB 0.64 million from the same period in 2017, or 6.04%. The net profit margin was 2.63%, increase from the third quarter of 2017 which was 2.55%.

The Company and its subsidiaries' net profit for the nine-month periods ended September 30, 2018 was THB 27.78 million, a decrease of THB 16.30 million from the same period in 2017, or 36.98%. This was due to lower gross profit margin from CLM countries and large projects when compared to last year, was mainly due to high competition, and the increase of staff expense and donation expense.



Financial Position

Assets

Majority of the Company and its subsidiaries' total assets comprised of account receivables and other current receivables, inventories, cash and cash equivalent. The Company and its subsidiaries' total assets as at September 30, 2018 and December 31, 2017 were THB 868.21 million and THB 768.84 million, respectively. In sum, increase in total assets was THB 99.38 million or 12.93%.

Cash and cash equivalent as at September 30, 2018 and December 31, 2017 was THB 85.50 million and THB 284.63 million, respectively. Mainly, THB 199.14 million decrease resulted from cash payment to account payable.

Account receivables and other current receivables as at September 30, 2018 and December 31, 2017 was THB 546.44 million and THB 362.12 million, respectively. Mainly, THB 184.32 million increase resulted from increase in account receivables amounting to THB 164.94 million.

Inventories as at September 30, 2018 and December 31, 2017 was THB 145.88 million and THB 42.18 million, respectively. Mainly, increase in inventories THB 103.69 million was attributable to the increasing of goods awaiting for delivery to the clients.

Liabilities

Majority, or 93% of the Group's total liabilities was current liabilities consisting of Short-term borrowings from financial institution and trade and other current payables. Significant amount of non-current liabilities composed of other payable deriving from business combination and non-current provisions for employee benefit. Total liabilities as at September 30, 2018 and December 31, 2017 was THB 442.96 million and THB 360.28 million, respectively. Mainly, THB 82.68 million increase in total liabilities, or 22.95% was mainly due to Short-term borrowings from financial institution THB 153 million.

Shareholders' Equity

Total shareholders' equities of the Company as at September 30, 2018 and December 31, 2017 was THB 377.90 million and THB 369.96 million, respectively. Mainly, THB 7.93 million increase was mainly due to net profit amounting to THB 27.78 million and dividend paid THB 19.50 million.

Please be informed accordingly.

Yours Sincerely,

(Mrs. Songsri Srirungrojitt)
Managing Director
Vintcom Technology Public Company Limited