

KC020/64

February 24, 2021

Subject: Management discussion and analysis (MD&A) of operating results for the fourth quarter and full year ended December 31, 2020

To President

The Market for Alternative Investment (MAI)

Kumwell Corporation Public Company Limited (“company”) would like to submit MD&A of operating results for the fourth quarter and full year ended December 31, 2020, with details as follows:

Revenues

The revenue structure of company and its subsidiaries for the fourth quarter of the year 2020 and the year 2019 divided by types of products was as shown in the following table;

	Q4 2020		Q4 2019		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Grounding System	34.01	30.19%	39.33	36.70%	-5.32	-13.53%
Lightning System	66.23	58.78%	65.29	60.92%	0.94	1.44%
Others	12.43	11.03%	2.56	2.39%	9.87	385.55%
Total	112.67	100.00%	107.18	100.00%	5.49	5.12%

Company and its subsidiaries had sales revenues of grounding system worth 34.01 million baht in the fourth quarter of 2020, decreasing 13.53 percent compared to the same period of the year before. Sales of lightning system were 66.23 million baht, a slight 1.44 percent rise over the same period of the year before, largely due to the spread of COVID-19 in the quarter. However, service revenues increased significantly in the quarter, driving overall sales growth.

Foreign sales in the fourth quarter of 2020 were 6.99 million baht, declining 45.86 percent due to the spread of COVID-19 abroad is intensifying. Domestic sales were 105.68 million baht in the fourth quarter, increasing 12.10 percent from the same period of the year before. Total sales were 112.67 million baht in the quarter, 5.12 percent higher than the same quarter last year.

	Q4 2020		Q4 2019		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Domestic	105.68	93.80%	94.27	87.95%	11.41	12.10%
Foreign	6.99	6.20%	12.91	12.05%	-5.92	-45.86%
Total	112.67	100.00%	107.18	100.00%	5.49	5.12%

	2020		2019		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Grounding System	154.06	35.21%	161.23	37.14%	-7.17	-4.45%
Lightning System	261.09	59.68%	260.90	60.10%	0.19	0.07%
Others	22.35	5.11%	11.96	2.76%	10.39	86.87%
Total	437.50	100.00%	434.09	100.00%	3.41	0.79%

For the full year 2020, sales revenues of grounding system were 154.06 million baht, down 4.45 percent compared to the same period of the year before. Sales of lightning system products were 261.09 million baht, little changed from the same period of the previous year despite the impact of the spread of COVID-19 in the second quarter.

	2020		2019		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Domestic	368.76	84.29%	353.60	81.46%	15.16	4.29%
Foreign	68.74	15.71%	80.49	18.54%	-11.75	-14.60%
Total	437.50	100.00%	434.09	100.00%	3.41	0.79%

Foreign sales were 68.74 million baht for the full year 2020, down 14.60 percent from the previous year. Domestic sales were 368.76 million baht in the year, up 4.29 percent compared to the same period of the year before thanks to continuous demand from domestic infrastructure projects. Total sales were 437.50 million baht, increasing 0.79 percent from last year.

Cost of goods and services

Cost of goods and services in the fourth quarter of 2020 was 60.74 million baht, down 13.64 percent from 70.33 million baht from the same quarter of last year. Gross profit margin in the fourth quarter of 2020 was 46.09 percent, higher than 34.39 percent from the same quarter of last year. For the full year 2020, cost of goods and services was 251.87 million baht, down 10.14 percent from the same period of last year, resulting in a higher gross profit margin of 42.43 percent compared to 35.43 percent of the same period of last year. The increase in gross profit margin was mainly due to a decrease in inventory impairment, company's cost-reduction in manufacturing and improving sales process.

Cost of distribution

Cost of distribution of company and its subsidiaries in the fourth quarter of 2020 was 9.09 million baht, decreasing 9.91 percent from the same period of last year. For the full year 2020, cost of distribution of company and its subsidiaries was 27.55 million baht, down 20.40 percent. Mainly due to company continued to modify process of advertising and public relations, helping to decrease cost of booth and advertising expenses.

Administrative expenses

Company and its subsidiaries had administrative expenses of 25.51 million baht in the fourth quarter of 2020 compared with 24.44 million baht from the same period of last year, up 4.38 percent, thanks to salary and employee benefits and allowances for expected credit loss incurred. For the full year 2020, administrative expenses were 99.01 million baht, up 11.06 percent from the same period of last year due to salary and employee benefits, depreciation, building renovation and allowances for expected credit loss incurred.

Net profit

Net profit for the fourth quarter of 2020 was worth 13.17 million baht, a significant increase of 482.17 percent compared with 2.26 million baht from the same period of last year. For the full year 2020, net profit was 46.69 million baht, up 99.57 percent from the same period of last year.

Yours Sincerely,

Mr. Boonsak Kiatjaroonlert
Chief Executive Officer
Kumwell Corporation Public Company Limited