

August 14, 2020

Subject: Management Discussion & Analysis for 2nd Quarter Ending 30 June 2020

 To: The President
 The Stock Exchange of Thailand

Harn Engineering Solutions Public Company (“The Company”) would like to provide information on the Company’s operating results 2nd Quarter ending June 30, 2020, which have been reviewed by our certified public accountant as follows:

(Unit: Million Baht)	Q2/2020*	Q2/2019	Increase (Decrease)	% Change
Revenues from sales and services	292.59	344.64	(52.05)	(15.10)
Other revenues	4.07	6.76	(2.69)	(39.79)
Total revenues	296.66	351.40	(54.74)	(15.58)
Costs of sales and services	201.80	238.61	(36.81)	(15.43)
Selling expenses	26.59	29.76	(3.17)	(10.65)
Administrative expenses	34.52	38.33	(3.81)	(9.94)
Finance costs	0.04	-	0.04	#DIV/0!
Total cost and operating expenses	262.95	306.70	(43.75)	(14.26)
Profit before income tax	33.71	44.70	(10.99)	(24.59)
Income tax	6.76	8.91	(2.15)	(24.13)
Net profit	26.95	35.79	(8.84)	(24.70)
Gross profit margin (%)	31.03%	30.77%		
Net profit margin (%)	9.08%	10.18%		

In Q2/2020, the Company recorded revenues from sales and services of Baht 292.59 million, decreasing by Baht 52.05 million or 15.10% from the same previous period of Baht 344.64 million. The segment information of revenues from sales and services as following.

(Unit: Million Baht)	Q2/2020*	Q2/2019	Increase (Decrease)	% Change
Fire protection systems and projects	140.35	176.25	(35.90)	(20.37)
Air-conditioning and sanitary products	14.52	19.72	(5.20)	(26.37)
Refrigeration systems	53.35	54.96	(1.61)	(2.93)
Digital printing systems	84.37	93.71	(9.34)	(9.97)
Total	292.59	344.64	(52.05)	(15.10)

The segment information of gross profit as following

(Unit: Million Baht)	Q2/2020 *	%	Q2/2019	%
Fire protection systems and projects	35.46	25.27	43.95	24.94
Air-conditioning and sanitary products	4.59	31.61	5.31	26.93
Refrigeration systems	16.82	31.53	18.19	33.10
Digital printing systems	33.92	40.20	38.58	41.17
Total	90.79	31.03	106.03	30.77

* Consolidated Financial Statement

The Company had the net profit Q2/2020 of Baht 26.95 million, decreased Baht 8.84 million, or 24.70% compared with Q2/2019, Baht 35.79 million. The dropping in net profit due to the reducing revenue from sales and services. Affected by the novel coronavirus (COVID-19) situation, many customers delay their purchase and postpone the submission. The gross profit decreased Baht 15.24 million, or 14.37%, while the percentage of the selling and administrative expenses decreased less the percentage of revenues from sales and services and gross profit dropped because some SG&A are fixed expenses, e.g., salary, wage, depreciation, and amortization.

Sincerely Yours,



(Mr. Wirat Sukchai)
 Chief Executive Officer

