

February 22, 2021

Subject: Management Discussion and Analysis for the year ended December 31, 2020

To: President,
The Stock Exchange of Thailand

Synnex (Thailand) Public Company Limited and its subsidiaries (“the Company”) would like to report the operating results for the year ended December 31, 2020, audited by the Company’s authorized auditor as follows:

Description	2020		2019		YoY	
	MB	%	MB	%	MB	%
Income from operations	32,148.70	100.00	34,804.31	100.00	(2,655.61)	(7.63)
Operating Cost	30,740.99	95.62	33,475.32	96.18	(2,734.33)	(8.17)
Gross profit	1,407.71	4.38	1,328.99	3.82	78.72	5.92
Selling and Administrative expenses	850.73	2.65	833.44	2.39	17.29	2.07
Net profit	641.95	2.00	523.93	1.51	118.02	22.53
Basic earnings per share (THB)	0.76		0.64			

In 2020, although total revenues were lower than the previous year due to the COVID-19 pandemic and the geopolitical tension between China and the United States, which resulted in the continuing decline of Huawei mobile phone supply, net profit for the year rose 22.53% thanks to the increasing demand for IT products to support the ‘new normal’ lifestyle, low level of competition, introduction of new brands with high margins into the portfolio, and efficient management of selling and administrative expenses, and financial costs.

Synnex’s total revenues for the year 2020 amounted to THB 32,148.70 million, a decrease of 7.63% from the same period last year. Revenue mobile phone segment dropped significantly, due to the limited supply of Huawei mobile phones. However, it was partially offset by the strong growth in revenue from Apple products. Moreover, demand for IT products increased significantly following the easing of lockdown measures during the second quarter of 2020. This resulted in tight supplies of several products, such as notebook computers, video conferencing systems, monitors, printers and ink, and computer components, etc. Nonetheless, Synnex was able to maintain revenue from IT products and services at a similar level with the previous year.

Operating costs for the year 2020 amounted to THB 30,740.99 million, a decrease of 8.17% from the previous year. Gross profit margin increased from 3.82% in the previous year to 4.38% in 2020. Synnex focused on improving margins during a period of tight supply of several products. In addition, it was appointed as a distributor of brands with higher gross margins than the average, such as Tecno Mobile, Razer, EPOS, Fujifilm Instax, Zircon, etc. Consequently, gross profit amounted to THB 1,407.71 million, a 5.92% increase from the previous year. Moreover, selling and administrative expenses in 2020 amounted to THB 850.73 million, an increase of 2.07% compared to the same period last year. They accounted for 2.65% of total revenues, compared with 2.39% a year ago.

Net profit for the year 2020 amounted to THB 641.95 million, an increase of 22.53% from the same period last year, thanks to higher gross profit and more efficient management of selling and administrative expenses, as well as financial costs. In addition, the share of profits from investment in a joint venture also grew exponentially from the increased capital base from being listed on the stock exchange at the end of the year.

Please kindly be informed accordingly.

Yours faithfully,

(Sutida Mongkolsuthree)

Chief Executive Officer