

November 7, 2023

The Director and Manager
The Stock Exchange of Thailand

Re: Information on Third Quarter of 2023 Operating Results

KCE Electronics PCL has the pleasure of reporting the operating results of the Company and its subsidiaries ("the Group") for the third quarter of 2023 based on reviewed consolidated financial statements for the three-month period ended September 30, 2023. The Group's sales are total at Bt4,326.5 million with a net profit of Bt519.5 million, compared to Bt4,633.9 million total sales and Bt655.2 million net profit in the third quarter of 2022. A summary of the Company's operating performance in the third quarter of 2023 and 2022 is shown in the following table:

	3Q23	2Q23	<i>%Change</i> Q-o-Q [3Q23 VS. 2Q23]	3Q22	<i>%Change</i> Y-o-Y [3Q23 VS. 3Q22]
[Amount: in Million Baht]					
FX: THB/USD	34.9883	34.3134		36.2510	
FX: THB/EUR	37.9050	37.1808		36.2969	
Sales Revenue	4,326.5	3,897.8	+11.00	4,633.9	-6.63
[Sales Revenue, USD]	\$123.7	\$113.6	+8.86	\$127.8	-3.27]
Cost of Sales	3,375.5	3,152.2		3,508.8	
Gross margin, (%)	22.0%	19.1%		24.3%	
Selling & Administration	458.0	415.2	+10.30	523.1	-12.45
Operating profit *	470.6	320.2	+46.98	614.9	-23.47
Net Profit	519.5	376.2	+38.11	655.2	-20.71
Net Profit (%)	12.0%	9.7%		14.1%	

[Remark * Excludes foreign exchange rate effects and special exceptional item]

Sales Revenue

Consolidated sales revenue of 3Q23 in Baht term was reported at Bt4,326.5 million, increased 11.00% Q-o-Q but decreased 6.63% Y-o-Y, while sales revenue in USD terms also increased by 8.86% Q-o-Q but decreased 3.27% Y-o-Y. The FX rate change of Thai Baht against the US dollar in the period resulted in a gain in revenue recognition in Thai Baht term of Bt59.15 million in Q-o-Q but resulted in a loss Bt103.02 million in Y-o-Y (Table 1)

The volume of PCB shipment for sales of 3Q23 increased by 11.77% Q-o-Q but decreased 5.65% Y-o-Y. (Table 5) The customer demand start to increase with more order to stock and has an improvement trend compared to 2Q23 which was impacted from the slowdown of the global economy.

Cost of Sales and Gross Profit

The gross profit margin in 3Q23 was 22.0% of sales, increased from 19.1% in 2Q23 but decreased from 24.3% in 3Q22 the main factors come from the fluctuation of the Thai Baht against the US Dollar, where the depreciation has a positive impact on income. On the cost side, the prices of key raw materials, such as copper, have been adjusted downward (Table 2). Additionally, major production cost, electricity, has been adjusted downward in line with the reduced natural gas prices. Furthermore, there has been control over energy production costs. Overall actual production capacity of 3Q23 was at 77% as same as previous quarter (Table 6). It results in the gross profit margin can be improved to 22% in 3Q23.

Administrative and Selling Expenses

Total selling, general, and administrative expenses amounted to Bt458.0 million in 3Q23, or 10.6% of sales, an increase from Bt415.2 million or 10.6% of sales in 2Q23, and decrease from Bt523.1 million or 11.3% of sales in the same period of the previous year.

Selling expense amounted to Bt119.0 million in 3Q23, or 2.8% of sales, decreased from Bt127.0 million or 3.3% of sales in 2Q23 and Bt164.4 million or 3.5% of sales in the same period of previous year. Selling expense mainly decreased from the cost of service for inspecting products for customers and a change in portion of freight cost carried by the customers. Administrative expense amounted to Bt339.0 million or 7.8% of sales in 3Q23, increased from Bt288.3 million or 7.4% of sales in 2Q23 but decreased from Bt358.7 million or 7.7% of sales in the same period of previous year, which related mainly to staff costs included other staff welfare, R&D expense, consulting fee and insurance.

Net Profit

The Group reported a consolidated net profit of Bt519.5 million in 3Q23, representing an increase of 38.1% Q-o-Q but decrease of 20.7 % Y-o-Y. Net Profit Ratio was 12% in 3Q23 compared to 9.7% and 14.1% in 2Q23 and 3Q22 respectively. Operating profit in 3Q23 totaled Bt470.6 million (excluding a gain on the foreign currency exchange rate of Bt48.9 million) representing an increase of 47.0% Q-o-Q but decrease 23.5% Y-o-Y.

In summary, for the performance of 3Q23, the group of companies has an increase in revenue and profits compared to the previous quarter. This is due to the improving trend in customer orders, along with the positive impact of the weakening of the Thai Baht and reduction of raw material costs, resulting in a basic earnings per share of 0.44 Baht in 3Q23.

Total Asset

Total assets as of September 30, 2023, amounted to Bt19,841.0 million, consisting of current assets of Bt10,488.6 million, property, plant and equipment of Bt8,365.2 million, intangible assets of Bt141.6 million, contract costs assets of Bt368.0 million, investment property of Bt155.1 million, goodwill of Bt153.5 million, investments in associates of Bt29.7 million, deferred tax assets of Bt112.4 million and other non-current assets of Bt26.9 million.

Total assets decreased by Bt1,152.5 million from Bt20,993.5 million at the end of 2022, was due mainly to a decrease in the value of trade receivable and other receivable of Bt213.7 million, a decrease in inventory of Bt694.0 million and a decrease in the value of property, plant and equipment of Bt498.9 million.

Total Liabilities

Total liabilities decreased by Bt989.2 million from Bt7,548.2 million at the end of 2022 to Bt6,559.0 million as of September 30, 2023; was due mainly to a decrease of short-term debt and long term loan from the financial institution Bt737.9 million, trade and other current payables decreased Bt261.9 according to payment upon the due date.

As of September 30, 2023, Net Interest-bearing Debt to Equity ratio was 0.23 times compared to 0.28 times as of December 31, 2022 as a result of lower debts and higher equity from this quarter profit and dividend paid.

Shareholders' Equity

As of September 30, 2023, shareholders' Equity was Bt13,282.1 million, a decrease of Bt163.2 million from Bt13,445.3 million as of December 31, 2022 due mainly to operating profit of the period, and dividend payment.

Analysis of performance

Table 1: Foreign currency exchange rates and sales in foreign currency

(Unit: Million)

Currency	3Q 2023		2Q 2023		Q-o-Q Effect		3Q 2022		Y-o-Y Effect	
	Rates	Sales	Rates	Sales	%	Gain (Loss)	Rates	Sales	%	Gain (Loss)
USD	34.9883	\$80.73	34.3134	\$75.95	2.0	54.49	36.2510	\$87.62	(3.5)	(101.94)
EUR	37.9050	€9.13	37.1808	€9.46	1.9	6.61	36.2969	€9.97	4.4	14.68
JPY	0.2414	¥0.00	0.2474	¥0.07	0.0	0.00	0.2579	¥0.02	(4.1)	0.00
CNY	4.7901	¥33.81	4.8476	¥30.76	(1.2)	(1.95)	5.2561	¥33.04	(8.9)	(15.76)
Total effect					M Baht	59.15			M Baht	(103.02)

Table 2: Raw material prices and purchased volume

Key Material		3Q 2023		2Q 2023		Q-o-Q Effect		3Q 2022		Y-o-Y Effect			
		Unit price	Volume	Unit price	Volume	%	'000 US\$	Unit price	Volume	%	'000 US\$		
Copper Foil (KCE)	KG.	\$11.09	398,175	\$11.86	393,498	(6.47)	(305.55)	\$12.27	440,965	(9.62)	(469.97)		
Copper Foil (TLM)	KG.	\$11.19	320,085	\$11.72	499,045	(4.52)	(169.69)	\$12.69	378,895	(11.77)	(477.91)		
Copper Anode	KG.	\$9.02	420,400	\$9.23	442,200	(2.21)	(85.93)	\$8.68	577,200	3.99	145.52		
Fiber glass	METRE	\$0.53	2,293,256	\$0.52	4,133,965	1.75	20.92	\$0.74	3,768,140	(28.24)	(478.59)		
						Total US\$	(540.25)	Total US\$ (1,280.95)					

The effect from price change of copper usage on product sales was decrease about 0.34% Q-o-Q and 1.49 % Y-o-Y

Table 3: Consignment Sales

(Amount: in Million Baht)

	3Q 2023			3Q 2022		
	Stock Filling	Usage	Unrealized revenue (Higher Usage)	Stock Filling	Usage	Unrealized revenue (Higher Usage)
July	304.3	340.3	(36.0)	407.1	267.6	139.5
August	383.8	338.9	44.9	510.7	314.8	195.9
September	336.9	305.9	31.0	388.1	395.2	(7.1)
Total 3Q	1,025.0	985.1	39.9	1,305.9	977.6	328.3

Table 4: PCB_Sales and volume shipment, by Region (PCB Sales @ Factory price)

Region		3Q22	4Q22	Y2022	1Q23	2Q23	3Q23	% Increase / (Decrease)	
								3Q23/3Q22	3Q23 / 2Q23
EUROPE	SALES-USD	58,630,336	48,057,442	210,700,817	51,551,137	45,139,841	51,118,787	(12.81)	13.25
	VOLUME-SQFT	4,107,352	3,348,622	14,787,047	3,542,932	3,058,072	3,496,967	(14.86)	14.35
USA	SALES-USD	25,589,092	23,411,302	103,931,973	23,936,782	22,437,449	20,493,284	(19.91)	(8.66)
	VOLUME-SQFT	1,862,264	1,584,855	7,451,828	1,614,653	1,619,267	1,575,556	(15.40)	(2.70)
ASIA (Excl.CHINA)	SALES-USD	6,087,512	5,745,508	25,584,090	5,475,581	4,876,625	5,308,574	(12.80)	8.86
	VOLUME-SQFT	433,107	420,503	1,856,411	403,943	371,945	400,764	(7.47)	7.75
CHINA	SALES-USD	13,767,777	12,950,990	57,262,267	12,416,295	12,778,825	13,917,400	1.09	8.91
	VOLUME-SQFT	983,257	919,700	4,080,636	872,628	923,058	1,018,064	3.54	10.29
LOCAL	SALES-USD	6,473,253	7,932,332	37,160,524	9,546,972	8,038,156	11,511,899	77.84	43.22
	VOLUME-SQFT	575,839	750,573	3,320,133	805,522	747,984	1,020,234	77.17	36.40
TOTAL-USD		110,547,970	98,097,574	434,639,672	102,926,767	93,270,896	102,349,944	(7.42)	9.73
TOTAL-SQFT		7,961,819	7,024,253	31,496,054	7,239,678	6,720,326	7,511,585	(5.65)	11.77

Table 5: PCB Sales and volume shipment, by Product mix (PCB Sales @ Factory price)

Product-Mix		3Q22	4Q22	Y2022	1Q23	2Q23	3Q23	% Increase / (Decrease)	
								3Q23 / 3Q22	3Q23 / 2Q23
02 Layer	SALES-US\$	8,557,634	8,547,941	39,323,019	8,918,068	10,174,524	10,227,495	19.51	0.52
	VOLUME-SQFT	890,541	918,904	4,152,460	906,034	1,080,811	1,084,469	21.78	0.34
04 Layer	SALES-US\$	42,480,998	36,887,835	174,073,169	36,763,402	32,799,032	38,127,775	(10.25)	16.25
	VOLUME-SQFT	3,582,703	3,145,088	14,667,740	3,059,487	2,784,205	3,288,568	(8.21)	18.12
06 + Layer	SALES-US\$	30,162,167	23,586,266	108,728,833	25,503,162	23,348,307	27,651,833	(8.32)	18.43
	VOLUME-SQFT	1,856,235	1,402,855	6,595,651	1,540,282	1,436,815	1,686,050	(9.17)	17.35
Special Grade	SALES-US\$	29,347,171	29,075,531	112,514,650	31,742,136	26,949,032	26,342,841	(10.24)	(2.25)
	VOLUME-SQFT	1,632,340	1,557,406	6,080,203	1,733,875	1,418,495	1,452,498	(11.02)	2.40
TOTAL-USD		110,547,970	98,097,574	434,639,672	102,926,767	93,270,896	102,349,944	(7.42)	9.73
TOTAL-SQFT		7,961,819	7,024,253	31,496,054	7,239,678	6,720,326	7,511,585	(5.65)	11.77

Table 6: KCE - Production Capacity

Maximum Capacity:

1Q 2023 – 4Q 2023 2.10 million Sq.ft./month for Lat Krabang Plant
 1Q 2023 – 4Q 2023 1.50 million Sq.ft./month for HiTech Ayutthaya Plant

Actual Capacity Utilization in 3Q23	77% to available capacity
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Table 7: Capital Expenditure

CAPEX Plan - Y2023 **Bt 829 million** (exclude Rojana New Factory)

Consisted of Bt 500 million /Efficiency Improvement of Lat Krabang Plant
 Bt 283 million /Efficiency Improvement of HiTech Plant
 Bt 46 million /Efficiency Improvement of Thai Laminate

Actual investment in 9 Months of 2023	Bt 294.6 million (exclude Rojana New Factory)
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CAPEX Plan for Rojana New Plant

Project Plan	(Million Baht)	Y2023	Y2024	Y2025	Total
Factory Building		-0-	2,900	700	3,600
Machine and Equipment		-0-	800	2,560	3,360
Total Plan (as of 30 June 2023)		-0-	3,700	3,260	6,960

Actual investment as of September 30, 2023	Bt 41.3 million (Design and Construction)
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For the investment plan of a new plant at Rojana Industrial Park, due to the slowdown of global market with uncertain market conditions of customers demand and the current production capacity utilization status, the company has decided to postpone the construction of new factory building for some times. Meanwhile, testing the efficiency of machinery from various manufacturers with new technology is still ongoing to select the most suitable and efficient machinery for the new factory. Additionally, research on the infrastructure for the manufacturing process, including water usage and treatment, is being conducted to ensure efficient and environmentally friendly resource utilization. The progress of the project will be announced in the next quarter.

Forwarded for your information.

Sincerely yours,



(Mrs. Voraluksana Ongkosit)
 Executive Vice Chairperson

