

February 8, 2022

The Director and Manager  
 The Stock Exchange of Thailand

Re: Information Concerning Operating Results for the Year 2021

KCE Electronics PCL has the pleasure of reporting the operating results of the Company and its subsidiaries ("the Group") for the year 2021 based on the audited consolidated financial statements for the period ended December 31, 2021. The Group's sales and net profit totaled Bt14,937.8 million and Bt2,426.3 million, respectively, compared to Bt11,527.2 million and Bt1,126.8 million in 2020. A summary of the Company's operating performance in 2021 and 2020 is shown in the following table:

	Y2021	Y2020	<u>%Change</u> Y-o-Y [2021 VS.2020]	Y2019	<u>%Change</u> Y-o-Y [2020 VS.2019]
[Amt: in baht millions]					
FX: THB/USD	31.8764	30.9757		30.7824	
FX: THB/EUR	37.4456	35.2339		34.3100	
Sales Revenue	14,937.8	11,527.2	+29.59%	12,097.4	-4.71%
Sales Revenue, USD	\$468.6	\$372.1	+25.93%	\$393.0	-5.32%
Cost of Sales	10,965.2	9,015.1		9,643.6	
Gross margin, (%)	26.6%	21.8%		20.3%	
Selling & Administration	1,655.7	1,449.2		1,612.8	
Net Profit	2,426.3	1,126.8	+115.33%	934.5	+20.58%
	16.2%	9.8%		7.7%	

Since the fourth quarter of 2020, the automotive industry recovered due to the easing of the COVID-19 situation, and the market continued to grow strongly in 2021. Customer order bookings returned to above existing capacity and forward delivery schedules extended longer into the year. To cope with the increase in orders, the Company invested in expanding capacity at both the LatKrabang and Ayutthaya plants by a total of 600,000 square feet per month which was expected to become available in mid-2021. The new production capacity was not available until the fourth quarter, however, which caused an ongoing backlog especially of HDI products.

Later in the year, the third wave of COVID-19 spread further and led to local lockdown restrictions, which seriously impacted the Company's operations in the month of June. In 3Q21, there were some operational difficulties caused by COVID-19 infections among line staff. KCE's plant in Ayutthaya had to shut down for 10 days from late June to early July. In addition, the price of copper rose, and the chip shortage and logistics problem caused shipments to be delayed.



However, sales revenue grew resulting mainly from better efficiency that led to an improved gross profit margin, an increase in product selling prices that fully took effect in the third quarter, and the THB weakening.

As a result, the Group reported consolidated sales revenue of Bt14,937.8 million in 2021, representing growth of 29.59% Y-o-Y, and a consolidated net profit of Bt2,426.3 million, representing an increase of 115.3% Y-o-Y.

### **Sales Revenue**

Consolidated sales revenue in Thai baht terms increased from Bt11,527.2 million in 2020 to Bt14,937.8 million in 2021, representing a growth of 29.59% Y-o-Y, while sales revenue in USD terms increased by 25.93% Y-o-Y to USD468.6 million.

The Y-o-Y increase in revenue was due mainly to a 23.35% increase in sales volume of PCBs (Table 5), as production output continued to ramp up following an aggressive booking of customer orders and a change in product mix, particularly of special grade products. A continual rise in the price of copper since the beginning of the year had led to an increase in selling prices of products that took effect in May 2021. In addition, the weakened THB against the US dollar in the period resulted in a gain in revenue recognition in Thai Baht terms of Bt393.63 million in Y-o-Y (Table 1). Nevertheless, sales revenue was adversely impacted by unrealized consignment sales of Bt470.1 million (Table 3), an ongoing backlog of orders at the end of the year, the chip shortage, and a delay in shipments caused by the shortage of shipping containers.

The outbreak of the third wave of COVID-19 led to lockdown restrictions, which had a major impact on the Company's operations in the third quarter and caused a delay in machine installation of an increase in capacity of HDI.

### **Cost of Sales and Gross Profit**

In 2021, the cost of sales decreased considerably to 73.4% from 78.2% in 2020, which resulted in the gross profit margin increasing to 26.6% of sales from 21.8% the previous year.

The widened gross profit margin followed a full production capacity utilization, which reflected a firm recovery of order bookings Q-o-Q and in the entire year. However, in 3Q21 there were some operational difficulties caused by COVID-19 infections among line staff. KCE's plant in Ayutthaya had to shut down for 10 days in late June to early July. Even though the business gradually returned to normal in September, this resulted in a continued higher cost of goods in the second half of 2021.

Meanwhile, new selling prices that took effect in May 2021 that helped compensate for the high cost of goods sold in relation to the increased price of copper (Table 2) and the Thai baht's depreciation, all supported the widening of gross profit margin.

### **Sales and Administrative Expenses**

Selling, general, and administrative expense amounted to Bt1,655.7 million in 2021, or 11.08 % of sales, an increase from Bt1,449.2 million the previous year. Selling expense, such as freight costs and sales commissions, increased in line with higher sales. The increase in administrative expense related mainly to staff costs and R&D expense. In addition, expense was recognized for the subscription of share warrants



(ESOP-W6) in the amount of Bt4.2 million and for COVID protection measures amounting to Bt35.6 million in 2021.

### **Net Profit**

The Group reported a consolidated net profit of Bt2,426.3 million for 2021, representing an increase of 115.3% Y-o-Y. Normalized profit in 2021 totaled Bt2,272.2 million, which excluded a foreign exchange gain of Bt189.7 million and a one-off expense related to COVID protection measures of Bt35.6 million, compared to Bt1,093.9 million the previous year, representing an increase of 107.7% Y-o-Y.

The improvement in profitability was driven by revenue growth that resulted from higher sales and a reduction in the cost of goods sold that led to a higher gross profit margin. Moreover, an adjustment of selling prices that took place in the second quarter the weak THB and a decline in the LME price of copper, all eventually helped improve the Group's consolidated operating results.

In addition, in 2021 the Group set aside an impairment provision in the amount of Bt4.6 million for the assets of a subsidiary company that was temporarily closed (KCE International), a provision for share warrants (ESOP-W6) in the amount of Bt4.2 million, and a Corporate income tax provision in the amount of Bt156.2 million.

This resulted in an increase in basic earnings per share from Bt0.96 for 2020 to Bt2.05 for 2021.

### **Total Asset**

Total assets as of December 31, 2021, amounted to Bt21,950.7 million, consisting of current assets of Bt11,794.0 million; property, plant and equipment of Bt8,978.7 million net; intangible assets of Bt211.4 million; contract costs assets of Bt394.9 million: investment property of Bt156.9 million; goodwill of Bt153.5 million; investments in associates of Bt38.3 million; deferred tax assets of Bt113.4 million; and other non-current assets of Bt109.6 million.

An increase in assets of Bt4,573.7 million from Bt17,377.0 million at the end of 2020, was due mainly to a decrease in cash of Bt376.6 million, an increase in the value of trade receivable and other receivable of Bt1,219.9 million, an increase in inventory of Bt2,247.0 million, an increase in other current financial asset of Bt511.3 million, an increase in contract costs of Bt20.9 million, an increase in other non-current assets of Bt78.9 million and an increase in the value of property, plant and equipment of Bt872.0 million.

### **Total Liabilities**

Total liabilities increased from Bt5,315.0 million at the end of 2020 to Bt8,508.6 million as of December 31, 2021; short-term debt increased, and long term loan increased for additional investment in the period; trade and other current payables increased due to higher purchase to support the increased production.

As of December 31, 2021, Net Interest-bearing Debt to Equity was 0.27 times as a result of higher debts and higher equity.

### **Shareholders' Equity**

As of December 31, 2021, shareholders' Equity was Bt13,442.1 million, an increase of Bt1,380.1 million, due mainly to operating profit from the period, dividend payment and an additional paid-up capital from subscribed ESOP warrant.

## Analysis of performance

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

(Unit:Million)

Currency	Y2021		Y2020		Y-o-Y Effect	
	Rates	Sales	Rates	Sales	%	(Loss) M Baht
USD	31.8380	\$298.72	30.9757	\$261.48	2.8	257.56
EUR	37.4456	€41.50	35.2339	€31.31	6.3	91.78
JPY	0.2819	¥0.72	0.2906	¥0.02	(3.0)	(0.01)
CNY	4.9186	¥96.90	4.4615	¥43.51	10.2	44.30
Total effect						393.63

(Unit: Million)

Currency	4Q 2021		3Q 2021		Q-o-Q Effect		4Q 2020		Y-o-Y Effect	
	Rates	Sales	Rates	Sales	%	(Loss) M Baht	Rates	Sales	%	(Loss) M Baht
USD	33.2045	\$77.03	32.8026	\$73.50	1.2	30.96	30.3803	\$77.81	9.3	217.56
EUR	37.7794	€12.49	38.4724	€9.93	(1.8)	(8.65)	35.9938	€9.66	5.0	22.29
JPY	0.0000	¥0.00	0.0000	¥0.00	-	-	-	¥0.00	-	-
CNY	5.1526	¥26.54	5.0407	¥25.19	2.2	2.97	4.5345	¥14.92	13.6	16.40
Total effect						25.28				256.25

**Table 2:**Raw material prices and purchased volume

The effect from copper usage on product sales price was 4.50% Y-o-Y in 2021.

		Y2021		Y2020		Effect 2021/2020		Y2019		Effect 2020/2019		
		Unit price	Volume	Unit price	Volume	%	'000 US\$	Unit price	Volume	%	'000 US\$	
Copper Foil (KCE)	KG.	\$12.90	2,040,594	\$9.52	1,318,918	35.55	6,906.22	\$9.52	1,484,330	35.58	6,910.23	
Copper Foil (TLM)	KG.	\$14.35	2,951,382	\$9.63	1,966,291	49.01	13,926.70	\$9.39	2,313,117	52.79	14,630.26	
Copper Anode	KG.	\$9.68	2,034,000	\$6.68	1,509,001	44.91	6,101.24	\$6.53	1,568,000	48.21	6,403.77	
Fiber glass	METRE	\$0.70	18,656,831	\$0.56	13,512,993	25.54	2,672.42	\$0.66	16,004,806	7.30	893.22	
Total US\$						29,606.58	Total US\$ 28,837.48					

	4Q 2021		3Q 2021		Q-o-Q Effect		4Q 2020		Y-o-Y Effect					
	Unit price	Volume	Unit price	Volume	%	'000 US\$	Unit price	Volume	%	'000 US\$				
Copper Foil (KCE) KG.	\$13.68	479,448	\$14.31	541,051	(4.41)	(302.62)	\$10.03	407,998	36.33	1,747.32				
Copper Foil (TLM) KG.	\$15.43	977,089	\$15.57	867,335	(0.88)	(133.50)	\$10.08	742,451	53.18	5,235.69				
Copper Anode KG.	\$10.06	511,000	\$10.01	438,000	0.58	29.75	\$7.37	462,001	36.58	1,377.27				
Fiber glass METRE	\$0.89	4,598,309	\$0.73	5,324,705	21.97	735.78	\$0.52	3,582,089	70.11	1,683.36				
	Total US\$					329.41		Total US\$					10,043.64	

**Table 3:** Consignment Sales

(Amount: in Baht Million)

	Y2021			Y2020		
	Stock Filling	Usage	Unrealized revenue	Stock Filling	Usage	Unrealized revenue
Total 4Q	976.5	855.9	120.6	829.7	798.0	31.7
Total 3Q	875.3	778.8	96.5	683.7	917.5	-233.8
Total 2Q	971.5	727.0	244.6	470.9	431.5	39.5
Total 1Q	777.8	769.4	8.4	925.0	831.3	93.6
Total Year	3,601.1	3,131.0	470.1	2,909.3	2,978.3	-69.0

**Table 4:** Sales and volume sold, by Region (PCB Sales @ Factory price)

									% Incr/(Decr)	
		4Q20	Y2020	1Q21	2Q21	3Q21	4Q21	Y2021	Y21 / Y20	4Q21 / 3Q21
EUROPE	SALES-USD	47,700,569	155,505,907	49,036,384	48,120,337	49,485,008	55,326,006	201,967,735		
	VOLUME-SQFT	3,565,853	11,938,560	3,747,976	3,589,423	3,593,464	4,077,479	15,008,342	25.71	13.47
USA	SALES-USD	19,085,440	66,318,576	21,355,276	23,028,489	19,591,108	21,222,004	85,196,877		
	VOLUME-SQFT	1,567,293	5,360,003	1,813,380	1,813,296	1,508,082	1,625,687	6,760,446	26.13	7.80
ASIA (Excl.CHINA)	SALES-USD	8,447,945	29,178,894	8,251,812	8,087,131	6,388,856	6,678,146	29,405,945		
	VOLUME-SQFT	600,898	2,053,793	578,808	559,215	417,417	476,338	2,031,777	(1.07)	14.12
CHINA	SALES-USD	14,371,695	40,741,063	10,700,682	10,089,841	11,477,305	11,768,473	44,036,301		
	VOLUME-SQFT	1,149,402	3,348,991	879,581	831,336	909,134	888,617	3,508,669	4.77	(2.26)
LOCAL	SALES-USD	8,823,952	27,884,359	9,602,439	10,175,732	11,120,838	11,433,218	42,332,228		
	VOLUME-SQFT	794,340	2,623,225	876,693	963,093	1,040,481	1,049,409	3,929,676	49.80	0.86
TOTAL-USD		98,429,601	319,628,799	98,946,594	99,501,530	98,063,114	106,427,848	402,939,086	26.06	8.53
TOTAL-SQFT		7,677,786	25,324,571	7,896,439	7,756,364	7,468,578	8,117,530	31,238,910	23.35	8.69

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

									% Incr/(Decr)	
									Y-o-Y	Q-o-Q
PD-Mix		4Q20	Y2020	1Q21	2Q21	3Q21	4Q21	Y2021	Y21 / Y20	4Q21 / 3Q21
02 Layer	SALES-US\$	11,707,800	40,084,308	13,244,508	11,960,321	12,296,268	12,925,668	50,426,764	25.80	5.12
	VOLUME-SQFT	1,324,479	4,663,346	1,508,256	1,336,651	1,384,886	1,395,206	5,624,999	20.62	0.75
04 Layer	SALES-US\$	43,626,872	142,949,089	44,538,103	46,077,884	42,957,897	48,458,562	182,032,446	27.34	12.80
	VOLUME-SQFT	3,843,570	12,669,564	3,940,395	4,008,702	3,677,211	4,076,689	15,702,998	23.94	10.86
06 + Layer	SALES-US\$	24,717,619	83,884,260	24,910,691	25,228,369	25,032,248	28,011,543	103,182,851	23.01	11.90
	VOLUME-SQFT	1,552,813	5,334,174	1,578,101	1,621,772	1,551,497	1,738,632	6,490,002	21.67	12.06
Special Grade	SALES-US\$	18,377,310	52,711,141	16,253,293	16,234,956	17,776,701	17,032,075	67,297,025	27.67	(4.19)
	VOLUME-SQFT	956,924	2,657,488	869,686	789,239	854,984	907,002	3,420,911	28.73	6.08
TOTAL-USD		98,429,601	319,628,799	98,946,594	99,501,530	98,063,114	106,427,848	402,939,086	26.06	8.53
TOTAL-SQFT		7,677,786	25,324,571	7,896,439	7,756,364	7,468,578	8,117,530	31,238,910	23.35	8.69

**Table 6:** KCE Plant - Capacity (Maximum)

1Q2021 -3Q2021	1.75 million sq.ft/month
4Q2021	2.10 million sq.ft/month

**Table 7:** Capital Expenditure

CAPEX Plan - Y2021	THB 2,000 million
Actual Spend - Y2021	THB 1,783 million

Forwarded for your information.

Sincerely yours,



( Mrs.Voraluksana Ongkosit )  
Executive Vice Chairperson

