

August 9, 2022

The Director and Manager  
The Stock Exchange of Thailand

Re: Information on Second Quarter of 2022 Operating Results

KCE Electronics PCL has the pleasure of reporting the operating results of the Company and its subsidiaries ("the Group") for the second quarter of 2022 based on reviewed consolidated financial statements for the three-month period ended June 30, 2022. The Group's sales and net profit totaled Bt4,667.4 million and Bt571.9 million, respectively, compared to Bt3,536.1 million and Bt617.8 million in the second quarter of 2021. A summary of the Company's operating performance in the second quarter of 2022 and 2021 is shown in the following table:

Operating performance

[Amount in Million Baht]	2Q22	1Q22	<u>%Change</u> Q-o-Q [2Q22 VS. 1Q22]	2Q21	<u>%Change</u> Y-o-Y [2Q22 VS. 2Q21]
FX: THB/USD	34.2695	32.8854		31.1979	
FX: THB/EUR	36.2798	36.6821		37.3841	
Sales Revenue, THB	4,667.4	4,532.6	+2.97%	3,536.1	+31.99%
[ Sales Revenue, USD	\$136.2	\$137.8	-1.18%	\$113.3	+20.17% ]
Cost of Sales	3,603.2	3,497.5		2,509.2	
Gross margin (%)	22.8%	22.8%		29.0%	
Selling & Administration	489.5	508.8	-3.79%	457.3	+7.05%
Operating profit *	601.5	557.7	+7.86%	558.6	+7.69%
Net Profit	571.9	589.8	-3.03%	617.8	-7.43%
Net Profit (%)	12.3%	13.0%		17.5%	

[ Remark \* Excludes foreign exchange rate effects and non-operating loss]

**Sales Revenue**

Consolidated sales revenue in Baht terms in 2Q22 was reported at Bt4,667.4 million, representing an increase of 2.97% Q-o-Q and 31.99% Y-o-Y, while sales revenue in USD terms decreased by 1.18% Q-o-Q but increased 20.17% Y-o-Y. The fluctuation in foreign currency exchange rates in the period caused a gain in revenue recognition in Baht terms by Bt118.8 million in Q-o-Q and Bt273.5 million in Y-o-Y (Table 1).

2Q22 Sale volume of PCBs increased 0.79 % Q-o-Q and 6.85% Y-o-Y from the continual increase in customer demand while the PCBs Sale-USD slightly decreased 0.10% Q-o-Q but increased 13.51% Y-o-Y (Table 4). The increase in sale was resulted from a change in product mix particularly of special grade products (HDI) which increased 6.68% Q-o-Q and 71.97% Y-o-Y (Table 5). Nevertheless, the second quarter sales were

affected by a fewer number of working days during Songkran holiday in April. The transportation logistics problem by the shortage of shipping containers still not be normal, caused to some sale push out and higher inventory due to delay in shipments.

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

The gross profit margin as a percentage of sales in 2Q22 maintained the same as 1Q22 at 22.8 %, but decreased from 29% of the same period last year which due to the special prices adjustment to recover the material prices increasing in 2Q21. The impact on gross margin in this year mainly due to the high raw material cost from the continued increase in price of Copper which led to higher cost of goods sold by 2.4% Y-o-Y (Table 2), together with prices increasing of other supplies and chemical. The change in foreign currency exchange rates also reflected to higher cost of imported material and supply. Moreover, the fixed overhead cost, electricity charge, adjusted the higher rate in this period.

### **Administrative and Selling Expenses**

Total selling, general, and administrative expenses amounted to Bt489.5 million in 2Q22, or 10.5% of sales, a decrease from Bt508.8 million or 11.2% of sales in 1Q22 but an increase from Bt457.3 million or 12.9% of sales in the same period of the previous year. Selling expense amounted to Bt149.8 million in 2Q22, or 3.2% of sales, decreased from Bt155.2 million or 3.4% of sales in 1Q22 but increased from Bt134.5 million or 3.8% of sales in the same period of previous year. Selling expense mainly increased in line with higher sales and a change in portion of freight cost carried by the customers. Administrative expense amounted to Bt339.7 million or 7.3% of sales in 2Q22, decreased from Bt353.6 million or 7.8% of sales in 1Q22 but increased from Bt322.8 million or 9.1% of sales in the same period of previous year, which related mainly to staff costs, R&D expense and a fair value recognition on the financial asset, resulted in a loss of Bt39.2 million in the period.

### **Net Profit**

The Group reported a consolidated net profit of Bt571.9 million in 2Q22, which represented a decrease of 3.03% and 7.43 % Q-o-Q and Y-o-Y respectively. Operating profit in 2Q22 totaled Bt601.5 million (excluding a gain on foreign currency exchange rate of Bt9.5 million and a loss from fair value of financial investment of Bt39.2 million), representing an increase of 7.9% Q-o-Q and 7.7% Y-o-Y.

The operating profit in 2Q22 improved as a result of revenue growth from better efficiency and higher product mix of special grade products (HDI). However, an increase in raw material price impacted to a higher cost of goods sold as per mentioned at gross profit. But the net profit in 2Q22 presented a decrease compared to both Q-o-Q and Y-o-Y, mainly due to a reduction of FX gain and a non-operating loss from the recognition of fair value on a financial investment in the period. This resulted in basic earnings per share of Bt0.48 in 2Q22

### **Total Asset**

Total assets as of June 30, 2022, amounted to Bt22,169.8 million, consisting of current assets of Bt11,982.5 million; property, plant and equipment of Bt9,096.3 million net; intangible assets of Bt190.3 million; contract costs assets of Bt381.8 million: investment property of Bt155.8 million; goodwill of Bt153.5 million; investments in associates of Bt28.3 million; deferred tax assets of Bt115.9 million; and other non-current assets of Bt65.3 million.

An increase in assets of Bt219.0 million from Bt21,950.7 million at the end of 2021, was due mainly to a decrease in cash of Bt237.3 million, an increase in the value of trade receivable and other receivable of Bt685.7 million, an increase in inventory of Bt145.3 million, a decrease in other current financial asset of

Bt413.7 million, a decrease in contract costs of Bt13.1 million, an increase in the value of property, plant and equipment of Bt117.6 million and a decrease in other non-current assets of Bt41.1 million.

### Total Liabilities

Total liabilities increased from Bt8,508.6 million at the end of 2021 to Bt8,727.5 million as of June 30, 2022; short-term debt increased, long term loan slightly increased, trade and other current payables decreased according to payment on due term.

As of June 30, 2022, Net Interest-bearing Debt to Equity ratio was 0.33 times compared to 0.27 times as of December 31, 2021 as a result of higher short term debts but no change in equity by net off operation profit and dividend paid.

### Shareholders' Equity

As of June 30, 2022, shareholders' Equity was Bt13,442.2 million, maintain the same level as of December 31, 2021 at value Bt13,442.1 million which came from the operating profit from the period, an additional paid-up capital from ESOP and annual dividend payment.

### Analysis of performance

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

(Unit: Million)	2Q 2022		1Q 2022		Q-o-Q Effect		2Q 2021		Y-o-Y Effect		
	Currency	Rates	Sales	Rates	Sales	%	Gain(Loss) M Baht	Rates	Sales	%	Gain(Loss) M Baht
USD	34.2695	\$88.48	32.8854	\$87.46	4.2	122.45	31.1979	\$72.05	9.8	271.76	
EUR	36.2798	€9.28	36.6821	€11.42	(1.1)	(3.73)	37.3841	€8.92	(3.0)	(10.25)	
JPY	0.2648	¥0.05	0.2769	¥0.10	(4.3)	0.00	0.2816	¥0.28	(6.0)	0.00	
CNY	5.1388	¥35.04	5.1363	¥26.38	0.0	0.09	4.7974	¥24.42	7.1	11.96	
Total Effect						118.81					273.47

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

		2Q 2022		1Q 2022		Q-o-Q Effect		2Q 2021		Y-o-Y Effect	
		Unit price	Volume	Unit price	Volume	%	'000 US\$	Unit price	Volume	%	'000 US\$
Copper Foil (KCE)	KG.	\$13.76	577,738	\$14.21	441,255	(3.13)	(257.20)	\$12.66	464,388	8.71	637.24
Copper Foil (TLM)	KG.	\$14.74	387,784	\$15.24	638,404	(3.31)	(195.49)	\$13.93	460,857	5.84	315.20
Copper Anode	KG.	\$10.41	477,000	\$10.40	540,000	0.08	3.76	\$10.07	565,000	3.34	160.50
Fiber glass	METRE	\$0.81	4,662,532	\$0.89	3,938,921	(9.43)	(391.46)	\$0.64	4,923,921	27.00	799.67
						Total USD	(840.39)			Total USD	1,912.61

The effect from copper usage on product sales price was about 0.50% Q-o-Q and 2.40% Y-o-Y.

**Table 3:** Consignment Sales

(Amount: in Million Baht)

	2Q 2022			2Q 2021		
	Stock Filling	Usage	Unrealized revenue	Stock Filling	Usage	Unrealized revenue
April	305.8	307.3		287.7	217.7	
May	367.8	302.7		309.3	240.1	
June	441.8	374.4		374.6	269.1	
<b>Total</b>	<b>1,115.4</b>	<b>984.4</b>	<b>131.0</b>	<b>971.6</b>	<b>726.9</b>	<b>244.7</b>

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

								% Incr/(Decrease)	
		2Q21	3Q21	4Q21	Y2021	1Q22	2Q22	Y-o-Y	Q-o-Q
		2Q21	3Q21	4Q21	Y2021	1Q22	2Q22	2Q22 / 2Q21	2Q22 / 1Q22
EUROPE	SALES-USD	48,120,337	49,485,008	55,326,006	201,967,735	53,283,059	50,729,981	5.42	(4.79)
	VOLUME-SQFT	3,589,423	3,593,464	4,077,479	15,008,342	3,716,868	3,614,205	0.69	(2.76)
USA	SALES-USD	23,028,489	19,591,108	21,222,004	85,196,877	26,393,499	28,538,080	23.93	8.13
	VOLUME-SQFT	1,813,296	1,508,082	1,625,687	6,760,446	1,887,429	2,117,280	16.76	12.18
ASIA (Excl.CHINA)	SALES-USD	8,087,131	6,388,856	6,678,146	29,405,945	6,594,961	7,156,109	(11.51)	8.51
	VOLUME-SQFT	559,215	417,417	476,338	2,031,777	476,359	526,442	(5.86)	10.51
CHINA	SALES-USD	10,089,841	11,477,305	11,768,473	44,036,301	14,242,003	16,301,497	61.56	14.46
	VOLUME-SQFT	831,336	909,134	888,617	3,508,669	1,038,809	1,138,870	36.99	9.63
LOCAL	SALES-USD	10,175,732	11,120,838	11,433,218	42,332,228	12,538,025	10,216,914	0.40	(18.51)
	VOLUME-SQFT	963,093	1,040,481	1,049,409	3,929,676	1,103,044	890,677	(7.52)	(19.25)
TOTAL	SALES-USD	99,501,530	98,063,114	106,427,848	402,939,086	113,051,547	112,942,581	13.51	(0.10)
	VOLUME-SQFT	7,756,364	7,468,578	8,117,530	31,238,910	8,222,508	8,287,474	6.85	0.79

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

Product Mix								% Incr/(Decrease)	
		2Q21	3Q21	4Q21	Y2021	1Q22	2Q22	Y-o-Y	Q-o-Q
		2Q21	3Q21	4Q21	Y2021	1Q22	2Q22	2Q22 / 2Q21	2Q22 / 1Q22
02	SALES-USD	11,960,321	12,296,268	12,925,668	50,426,764	11,696,539	10,520,906	(12.03)	(10.05)
	VOLUME-SQFT	1,336,651	1,384,886	1,395,206	5,624,999	1,205,843	1,137,172	(14.92)	(5.69)
04	SALES-USD	46,077,884	42,957,897	48,458,562	182,032,446	48,196,469	46,507,866	0.93	(3.50)
	VOLUME-SQFT	4,008,702	3,677,211	4,076,689	15,702,998	4,021,972	3,917,977	(2.26)	(2.59)
06 +	SALES-USD	25,228,369	25,032,248	28,011,543	103,182,851	26,986,638	27,993,761	10.96	3.73
	VOLUME-SQFT	1,621,772	1,551,497	1,738,632	6,490,002	1,624,592	1,711,969	5.56	5.38
Special	SALES-USD	16,234,956	17,776,701	17,032,075	67,297,025	26,171,900	27,920,048	71.97	6.68
	VOLUME-SQFT	789,239	854,984	907,002	3,420,911	1,370,101	1,520,356	92.64	10.97
TOTAL-USD		99,501,530	98,063,114	106,427,848	402,939,086	113,051,547	112,942,581	13.51	(0.10)
TOTAL-SQFT		7,756,364	7,468,578	8,117,530	31,238,910	8,222,508	8,287,474	6.85	0.79

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

1Q 2022 – 4Q 2022                      2.10 million Sq.ft./month

**Table 7:** Capital Expenditure

CAPEX Plan - Y2022	Bt 1,500 million Bt 1,000 million /Rojana Plant Construction Bt 500 million /Capacity Expansion
Actual Spend- 1 <sup>st</sup> half Y2022	Bt 433 million /Capacity Expansion

For the investment plan of the new Rojana factory, the current status is on process of Design phase. The company put more concentration in the factory design by survey all areas of the existing factories to study and find the opportunity to improve for more efficiency including production cost reduction and also energy saving for future. Therefore, the factory design process has taken more time consuming. Per this current plan, the factory construction will start in the fourth Quarter of this year.

Forwarded for your information.

Sincerely yours,



(Mrs. Voraluksana Ongkosit)  
Executive Vice Chairperson

