

August 10, 2021

The Director and Manager
 The Stock Exchange of Thailand

Re: Information on Second Quarter of 2021 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 2021 based on reviewed consolidated financial statements for the three-month period ended June 30, 2021. The Group's sales and net profit totaled Bt3,536.1 million and Bt617.8 million, respectively, compared to Bt2,127.5 million and Bt71.3 million in the second quarter of 2020. A summary of the Company's operating performance in the second quarter of 2021 and 2020 is shown in the following table:

[Amount in Baht Million]	2Q21	1Q21	<u>% Change</u> Q-o-Q [2Q21 VS. 1Q21]	2Q20	<u>% Change</u> Y-o-Y [2Q21 VS. 2Q20]	
FX: THB/USD	31.1979	30.1297		31.6345		
FX: THB/EUR	37.3841	36.0877		34.5529		
Sales Revenue, THB	3,536.1	3,414.9	+3.55%	2,127.5	+66.21%	
[Sales Revenue, USD	\$113.3	\$113.3	+0%	\$67.2	+68.54%]
Cost of Sales	2,509.2	2,560.3		1,740.9		
Gross margin, %	29.04%	25.03%		18.17%		
SG & A	457.3	402.0		322.1		
Operating Profit	558.6*	430.4*	+29.77%	129.7**	+330.52%	
Net Profit	617.8	503.3	+22.75%	71.3	+765.98%	
	17.47%	14.74%		3.35%		

[Remark * Excludes foreign exchange rate effects.

** Excludes foreign exchange rate effects and impairment loss of Bt56.5 M

Sales Revenue

Consolidated sales revenue in Baht terms in 2Q21 amounted to Bt3,536.1million, representing an increase of 3.55% Q-o-Q and 66.21% Y-o-Y, while sales revenue in USD terms were stable Q-o-Q but increased by 68.54% Y-o-Y, up from a low base in 2Q20 during the first wave of COVID-19.

The decrease in volume of PCB sales of 1.77% Q-o-Q (Table 5) was due mainly to a delay in shipments caused by a container shortage problem. Despite the decreased volume sold Q-o-Q, sales revenue in 2Q21 increased, which resulted mainly from an increase in product selling prices that took effect in May 2021 to cover a continual rise in the price of copper since the previous quarter. In addition, the weakened THB against the US dollar in the period resulted in a gain in revenue recognition in Thai Baht terms of Bt93 million and Bt3 million in Q-o-Q and Y-o-Y, respectively (Table 1). Nevertheless, sales revenue was adversely impacted by

unrealized consignment sales of Bt244.6 million (Table 3) and a huge backlog of orders at the end of the quarter. The advancement of the third wave of COVID-19 that had led to lockdown restrictions had a minor impact on the operations in the month of June.

Cost of Sales and Gross Profit

The gross profit margin as a percentage of sales widened further both Q-o-Q and Y-o-Y to 29.04% in 2Q21 following a full production capacity utilization, which reflected a firm recovery of order bookings to date and toward the entire year. Additionally, 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 THB depreciation by 3.5% Q-o-Q, all supported an expansion of the gross profit margin.

Administrative and Selling Expenses

Selling, general, and administrative expense amounted to Bt457.3 million in 2Q21, or 12.93% of sales, an increase from Bt402.0 million in 1Q21 and Bt322.1 million in the same period the previous year. Selling expense increased in line with higher sales. Administrative expense increased Q-o-Q and Y-o-Y related mainly to staff costs and R&D expense. In addition, expense was recognized for subscribed share warrants (ESOP-W6) in the amount of Bt1.2 million and for the COVID protection measures amounting to Bt8.4 million in the period.

Net Profit

The Group reported a consolidated net profit of Bt617.8 million in 2Q21, which represented a substantial increase of 22.75% Q-o-Q and 765.98% Y-o-Y, up from a low base in 2Q20 during the first COVID-19 outbreak. Operating profit totaled Bt558.6 million (excluding the impact of changes in foreign currency exchange rate), representing an increase of 29.77% Q-o-Q and 330.52% Y-o-Y.

The Q-o-Q profitability improvement was supported by better efficiency, while the Q-o-Q revenue growth resulted from slightly higher sales and an adjustment of selling prices that took place in May 2021, and gross profit margin expansion from a weaker THB. The basic earnings per share totaled Bt0.95 for the six months of 2021.

Total Asset

Total assets as of June 30, 2021, amounted to Bt19,354.3 million, consisting of current assets of Bt10,041.1 million; property, plant and equipment of Bt8,112.0 million net; intangible assets of Bt231.6 million; contract costs assets of Bt383.6 million; investment property of Bt158.0 million; goodwill of Bt153.5 million; investments in associates of Bt27.4 million; deferred tax assets of Bt100.3 million; and other non-current assets of Bt146.8 million.

An increase in assets of Bt1,977.3 million from Bt17,377.0 million at the end of 2020, was due mainly to a decrease in cash of Bt98.2 million, an increase in the value of trade receivable and other receivable of Bt711.9 million, an increase in inventory of Bt728.1 million, an increase in other current financial asset of Bt508.6 million, an increase in contract costs of Bt9.6 million, an increase in other non-current assets of Bt125.8 million and an increase in the value of property, plant and equipment of Bt5.3 million.

Total Liabilities

Total liabilities increased from Bt5,315.0 million at the end of 2020 to Bt6,537.6 million as of June 30, 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 June 30, 2021, Net Interest-bearing Debt to Equity was 0.23 times as a result of higher debts and higher equity.

Shareholders' Equity

As of June 30, 2021, shareholders' Equity was Bt12,816.8 million, an increase of Bt754.8 million, due mainly to operating profit from the period, annual dividend payment and an additional paid-up capital from ESOP.

Analysis of performance

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

(Unit: Million)										
Currency	2Q 2021		1Q 2021		Q-o-Q Effect		2Q 2020		Y-o-Y Effect	
	Rates	Sales	Rates	Sales	%	Gain (Loss) M Baht	Rates	Sales	%	Gain (Loss) M Baht
USD	31.1979	\$72.05	30.1297	\$76.14	3.5	76.96	31.6345	\$44.54	(1.4)	(31.45)
EUR	37.3841	€8.92	36.0877	€10.17	3.6	11.56	34.5529	€5.64	8.2	25.24
JPY	0.2816	¥0.28	0.2820	¥0.44	(0.1)	(0.00)	0.2909	¥0.02	(3.2)	0.00
CNY	4.7974	¥24.42	4.6139	¥20.76	4.0	4.48	4.4163	¥9.40	8.6	9.30
Total Effect						93.00				3.09

Table 2: Raw material prices and purchased volume

		2Q 2021		1Q 2021		Q-o-Q Effect		2Q 2020		Y-o-Y Effect	
		Unit price	Volume	Unit price	Volume	%	'000 US\$	Unit price	Volume	%	'000 US\$
Copper Foil (KCE)	KG.	\$12.66	464,388	\$11.07	555,707	14.37	738.80	\$9.12	323,725	38.79	1,643.48
Copper Foil (TLM)	KG.	\$13.93	460,857	\$11.36	646,100	22.57	1,181.89	\$9.34	455,499	49.02	2,110.98
Copper Anode	KG.	\$10.07	565,000	\$8.60	520,000	17.10	830.75	\$5.65	292,000	78.13	2,495.66
Fiber glass	METRE	\$0.64	4,923,921	\$0.54	3,809,896	18.34	484.72	\$0.59	1,802,737	7.19	209.75
						Total US\$	3,236.16			Total US\$	6,459.87

The effect from copper usage on product sales price was about 2.03% Q-o-Q and 4.37% Y-o-Y.

Table 3: Consignment Sales

(Amount: in Baht Million)						
	2Q 2021			2Q 2020		
	Stock Filling	Usage	Unrealized revenue	Stock Filling	Usage	Unrealized revenue
April	287.7	217.7		224.9	97.6	
May	309.3	240.1		126.0	96.1	
June	374.5	269.1		120.0	237.8	
Total 2Q	971.5	726.9	244.6	470.9	431.5	39.4

Table 7: Capital Expenditure

CAPEX Plan – YR 2021	Bt 2,000 million
Actual Spend – YTD 2Q21	Bt 425 million

Forwarded for your information.

Sincerely yours,



(Mrs.Voraluksana Ongkosit)
Executive Vice Chairperson

