

November 9, 2021

The Director and Manager
 The Stock Exchange of Thailand

Re: Operating Results of the Company for the Third Quarter of 2021

KCE Electronics PCL has the pleasure of reporting the operating results of the Company and its subsidiaries ("the Group") for the third quarter of 2021 based on reviewed consolidated financial statements for the three-month period ended September 30, 2021. The Group's sales and net profit totaled Bt3,789.0 million and Bt604.1 million, respectively, compared to Bt2,721.8 million and Bt250.0 million in the third quarter of 2020. A summary of the Company's operating performance in the third quarter of 2021 and 2020 is shown in the following table:

[Amount in Baht Million]	3Q21	2Q21	<u>% Change</u> Q-o-Q [3Q21 VS. 2Q21]	3Q20	<u>% Change</u> Y-o-Y [3Q21 VS. 3Q20]	
FX: THB/USD	32.8026	31.1979		31.0892		
FX: THB/EUR	38.4724	37.3841		36.2137		
Sales Revenue, THB	3,789.0	3,536.1	+7.15%	2,721.8	+39.21%	
[Sales Revenue, USD	\$115.5	\$113.3	+1.91%	\$87.5	+31.94%]
Cost of Sales	2,759.8	2,509.2		2,204.3		
Gross margin, %	27.16%	29.04%		19.01%		
SG & A	395.3	457.3		308.6		
Operating Profit*	601.7	558.6	+7.72%	179.9	+234.52%	
Net Profit per F/S	604.1	617.8	-2.22%	250.0	+141.62%	
	15.94%	17.47%		9.19%		

[Remark* Excludes foreign exchange rate effects]

Sales Revenue

Consolidated sales revenue in Baht terms in 3Q21 amounted to Bt3,789.0 million, representing an increase of 7.15% Q-o-Q and 39.21% Y-o-Y, while sales revenue in USD terms grew by 1.91% Q-o-Q and 31.94% Y-o-Y, up from a low base in 3Q20 during the first wave of COVID-19. The weakened THB against the US dollar in the period resulted in a gain in revenue recognition in Baht terms of Bt135 million and Bt164 million in Q-o-Q and Y-o-Y, respectively (Table 1).

The decrease in volume of PCB sales of 3.71% 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 3Q21 increased, which resulted mainly from the weakened THB and an increase in product selling prices that took



effect entirely in the third quarter. Nevertheless, sales revenue was adversely impacted by unrealized consignment sales of Bt96.5 million (Table 3) and an ongoing backlog of orders at the end of the quarter. The advancement of the third wave of COVID-19 had a major impact on operations in the third quarter.

Cost of Sales and Gross Profit

The gross profit margin as a percentage of sales dropped slightly to 27.16% in 3Q21 but widened from 19.01% in 3Q20. This resulted from a higher cost of goods in 3Q21 due to 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, but the business gradually returned to normal in September.

Meanwhile, new selling prices that took effect in May 2021, a decline in the price of copper (Table 2), and the THB depreciation all helped compensate for the high cost of goods sold in relation to a decrease in production efficiency.

Administrative and Selling Expenses

Selling, general, and administrative expense amounted to Bt395.3 million in 3Q21, or 10.43% of sales, a decrease from Bt457.3 million in 2Q21 but an increase from Bt308.6 million in the same period the previous year. Selling expense increased in line with higher sales. Administrative expense decreased Q-o-Q but increased 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 Bt0.8 million and for COVID protection measures amounting to Bt25 million in the period.

Net Profit

The Group reported a consolidated net profit of Bt604.1 million in 3Q21, which represented a slight decrease of 2.22% Q-o-Q but a substantial increase of 141.62% Y-o-Y, up from a low base in 3Q20 during the first COVID-19 outbreak. Operating profit totaled Bt601.7 million (excluding the impact of changes in foreign currency exchange rate), representing an increase of 7.72% Q-o-Q and 234.52% Y-o-Y.

The improvement in profitability was driven by revenue growth that resulted from slightly higher sales, an adjustment of selling prices that took place in May 2021, benefit from the weak THB, and a decline in the price of copper. The basic earnings per share totaled Bt1.46 for the nine months of 2021.

Total Asset

Total assets as of September 30, 2021, amounted to Bt20,548.2 million, consisting of current assets of Bt10,705.0 million; property, plant and equipment of Bt8,697.0 million net; intangible assets of Bt222.0 million; contract costs assets of Bt392.6 million; investment property of Bt157.4 million; goodwill of Bt153.5 million; investments in associates of Bt33.3 million; deferred tax assets of Bt102.8 million; and other non-current assets of Bt84.6 million.

An increase in assets of Bt3,171.2 million from Bt17,377.0 million at the end of 2020, was due mainly to a decrease in cash of Bt349.2 million, an increase in the value of trade receivable and other receivable of Bt994.0 million, an increase in inventory of Bt1,367.2 million, an increase in other current financial asset of Bt493.4 million, an increase in contract costs of Bt18.6 million, an increase in other non-current assets of Bt64.9 million and an increase in the value of property, plant and equipment of Bt590.3 million.

Total Liabilities

Total liabilities increased from Bt5,315.0 million at the end of 2020 to Bt7,811.6 million as of September 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 September 30, 2021, Net Interest-bearing Debt to Equity was 0.26 times as a result of higher debts and higher equity.

Shareholders' Equity

As of September 30, 2021, shareholders' Equity was Bt12,736.6 million, an increase of Bt674.6 million, due mainly to operating profit from the period, interim dividend payment and an additional paid-up capital from ESOP.

Analysis of performance

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

		3Q 2021		2Q 2021		Q-o-Q Effect		3Q 2020		Y-o-Y Effect	
		Rates	Sales	Rates	Sales	%	Gain (Loss) M Baht	Rates	Sales	%	Gain (Loss) M Baht
Currency											
USD		32.8026	\$73.50	31.1979	\$72.05	5.1	117.95	31.0892	\$64.70	5.5	125.94
EUR		38.4724	€9.93	37.3841	€8.92	2.9	10.80	36.2137	€6.59	6.2	22.42
JPY		0.0000	¥0.00	0.2816	¥0.28	-	-	0.0000	¥0.00	-	-
CNY		5.0407	¥25.19	4.7974	¥24.42	5.1	6.13	4.4378	¥11.16	13.6	15.19
Total Effect							134.88				163.55

(Unit: Million)

Table 2: Raw material prices and purchased volume

		3Q 2021		2Q 2021		Q-o-Q Effect		3Q 2020		Y-o-Y Effect	
		Unit price	Volume	Unit price	Volume	%	'000 US\$	Unit price	Volume	%	'000 US\$
Copper Foil (KCE)	KG.	\$14.31	541,051	\$12.66	464,388	13.00	890.44	\$9.17	225,717	56.09	2,781.83
Copper Foil (TLM)	KG.	\$15.57	867,335	\$13.93	460,857	11.82	1,427.08	\$9.57	114,525	62.72	5,205.65
Copper Anode	KG.	\$10.01	438,000	\$10.07	565,000	(0.64)	(28.36)	\$6.88	330,000	45.34	1,367.13
Fiber glass	METRE	\$0.73	5,324,705	\$0.64	4,923,921	14.64	495.33	\$0.56	3,797,166	30.88	915.01
						Total US\$	2,784.49			Total US\$	10,269.62

The effect from copper usage on product sales price was about 2.36% Q-o-Q and 6.17% Y-o-Y.

Table 3: Consignment Sales

(Amount: in Baht Million)

	3Q 2021			3Q 2020		
	Stock Filling	Usage	Unrealized revenue	Stock Filling	Usage	Unrealized revenue
July	272.0	274.5		186.3	316.5	
August	278.9	271.1		223.7	319.1	
September	324.4	233.2		273.7	281.9	
Total	875.3	778.8	96.5	683.7	917.5	-233.8

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

								% Incr/(Decr)	
		3Q20	4Q20	Y2020	1Q21	2Q21	3Q21	Y-o-Y	Q-o-Q
EUROPE	SALES-USD	31,383,617	47,700,569	155,505,907	49,036,384	48,120,337	49,485,008		
	VOLUME-SQFT	2,422,499	3,565,853	11,938,560	3,747,976	3,589,423	3,593,464	48.34	0.11
USA	SALES-USD	15,862,139	19,085,440	66,318,576	21,355,276	23,028,489	19,591,108		
	VOLUME-SQFT	1,229,524	1,567,293	5,360,003	1,813,380	1,813,296	1,508,082	22.66	(16.83)
ASIA (Excl.CHINA)	SALES-USD	6,402,337	8,447,945	29,178,894	8,251,812	8,087,131	6,388,856		
	VOLUME-SQFT	444,593	600,898	2,053,793	578,808	559,215	417,417	(6.11)	(25.36)
CHINA	SALES-USD	10,685,658	14,371,695	40,741,063	10,700,682	10,089,841	11,477,305		
	VOLUME-SQFT	886,552	1,149,402	3,348,991	879,581	831,336	909,134	2.55	9.36
LOCAL	SALES-USD	5,601,859	8,823,952	27,884,359	9,602,439	10,175,732	11,120,838		
	VOLUME-SQFT	508,653	794,340	2,623,225	876,693	963,093	1,040,481	104.56	8.04
TOTAL	SALES-USD	69,935,610	98,429,601	319,628,799	98,946,594	99,501,530	98,063,114	40.22	(1.45)
	VOLUME-SQFT	5,491,821	7,677,786	25,324,571	7,896,439	7,756,364	7,468,578	35.99	(3.71)

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

								% Incr/(Decr)	
		3Q20	4Q20	Y2020	1Q21	2Q21	3Q21	Y-o-Y	Q-o-Q
PD-Mix		3Q20	4Q20	Y2020	1Q21	2Q21	3Q21	3Q21 / 3Q20	3Q21 / 2Q21
02	SALES-US\$	8,517,095	11,707,800	40,084,308	13,244,508	11,960,321	12,296,268	44.37	2.81
	VOLUME-SQFT	981,968	1,324,479	4,663,346	1,508,256	1,336,651	1,384,886	41.03	3.61
04	SALES-US\$	31,110,980	43,626,872	142,949,089	44,538,103	46,077,884	42,957,897	38.08	(6.77)
	VOLUME-SQFT	2,769,555	3,843,570	12,669,564	3,940,395	4,008,702	3,677,211	32.77	(8.27)
06 +	SALES-US\$	17,915,852	24,717,619	83,884,260	24,910,691	25,228,369	25,032,248	39.72	(0.78)
	VOLUME-SQFT	1,143,239	1,552,813	5,334,174	1,578,101	1,621,772	1,551,497	35.71	(4.33)
Special	SALES-US\$	12,391,683	18,377,310	52,711,141	16,253,293	16,234,956	17,776,701	43.46	9.50
	VOLUME-SQFT	597,060	956,924	2,657,488	869,686	789,239	854,984	43.20	8.33
TOTAL-USD		69,935,610	98,429,601	319,628,799	98,946,594	99,501,530	98,063,114	40.22	(1.45)
TOTAL-SQFT		5,491,821	7,677,786	25,324,571	7,896,439	7,756,364	7,468,578	35.99	(3.71)

Table 6: KCE Plant - Capacity (Maximum)

1Q 2021 – 3Q 2021	1.75 million Sq.ft./month
4Q 2021	2.10 million Sq.ft./month

Table 7: Capital Expenditure

CAPEX Plan – YR 2021	Bt 2,000 million
Actual Spend – YTD 3Q21	Bt 1,256 million

Forwarded for your information.

Sincerely yours,



(Mrs.Voraluksana Ongkosit)

Executive Vice Chairperson

