

May 10, 2022

The Director and Manager
The Stock Exchange of Thailand

Re: Operating Results of the Company for the First Quarter of 2022

KCE Electronics PCL has the pleasure of reporting the operating results of the Company and its subsidiaries ("the Group") for the first quarter of 2022 based on reviewed consolidated financial statements for the three-month period ended March 31, 2022. The Group's sales and net profit totaled Bt4,532.6 million and Bt589.8 million, respectively, compared to Bt3,414.9 million and Bt503.3 million in the first quarter of 2021. A summary of the Company's operating performance in the first quarter of 2022 and 2021 is shown in the following table:

[Amount in Million Baht]	1Q22	4Q21	<i>%Change</i> Q-o-Q [1Q22 VS. 4Q21]	1Q21	<i>%Change</i> Y-o-Y [1Q22 VS. 1Q21]
FX: THB/USD	32.8854	33.2045		30.1297	
FX: THB/EUR	36.6821	37.7794		36.0877	
Sales Revenue, THB	4,532.6	4,197.7	+7.98%	3,414.9	+32.73%
[Sales Revenue, USD	\$137.8	\$126.4	+9.03%	\$113.3	+21.61%]
Cost of Sales	3,497.5	3,135.9		2,560.3	
Gross margin, (%)	22.8%	25.3%		25.0%	
Selling&Administration	508.8	401.2		402.0	
Operating profit *	557.7	632.0	-11.75%	436.9	+27.66%
Net Profit	589.8	701.0	-15.86%	503.3	+17.18%
	13.0%	16.7%		14.7%	

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

Sales Revenue

Consolidated sales revenue in Baht terms in 1Q22 was reported at Bt4,532.6 million, representing an increase of 7.98% Q-o-Q and 32.73% Y-o-Y, while sales revenue in USD terms grew by 9.03% Q-o-Q and 21.61% Y-o-Y. The fluctuation in foreign currency exchange rates in the period caused a loss in revenue recognition in Baht terms by Bt40.9 million in Q-o-Q but a gain of Bt261.6 million in Y-o-Y (Table 1).

Sale volume of PCBs increased 1.29 % Q-o-Q and 4.13% Y-o-Y from the continual increase in customer demand and partially resulted from production efficiency improvement in March, while the PCBs Sale-USD increased 6.22 % Q-o-Q and 14.26% 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 53.7% Q-o-Q and 61.0% Y-o-Y (Table 5). In addition, new selling price that took effect on January 1, 2022, represented an effective markup of 2-3% of sales, helped compensate for the high cost of raw materials.

Cost of Sales and Gross Profit

In 1Q22 the gross profit margin as a percentage of sale dropped to 22.8% compared to 25.3% and 25.0% in Q-o-Q and Y-o-Y respectively. This 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 0.52% Q-o-Q and 4.32% Y-o-Y (Table 2), together with change in foreign currency exchange rates in 1Q22. Moreover, the fixed overhead cost that was mainly electricity and depreciation were higher, whereas the new production capacity was not fully utilized in the quarter.

Administrative and Selling Expenses

Selling, general, and administrative expense amounted to Bt508.8 million in 1Q22 or 11.2% of sales, an increase from Bt401.2 million or 9.6% of sales and Bt402.0 million or 11.8% of sales in Q-o-Q and Y-o-Y, respectively. Selling expense amounted to Bt155.2 million in 1Q22, or 3.4% of sales, increased in line with higher sales. Administrative expense amounted to Bt353.6 million or 7.8% of sales, which related mainly to staff costs, R&D expense and a fair value recognition on the financial asset, resulted in a loss of Bt29.9 million in the period.

Net Profit

The Group reported a consolidated net profit of Bt589.8 million in 1Q22, which represented a decrease of 15.86% Q-o-Q but an increase of 17.18% Y-o-Y. Operating profit in 1Q22 totaled Bt557.7 million (excluding a gain on foreign currency exchange rate of Bt61.9 million and a loss from FV of financial investment of Bt29.9 million), representing a decrease of 11.75% Q-o-Q but an increase of 27.66% Y-o-Y.

The Y-o-Y profitability 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, which was partially compensated by the adjustment of selling prices. In addition, there was a non-operating loss from the recognition of FV on a financial investment in the period. This resulted in basic earnings per share of Bt0.50 in 1Q22.

Total Asset

Total assets as of March 31, 2022, amounted to Bt22,321.1 million, consisting of current assets of Bt11,985.8 million; property, plant and equipment of Bt9,222.9 million net; intangible assets of Bt200.7 million; contract costs assets of Bt388.8 million: investment property of Bt156.3 million; goodwill of Bt153.5 million; investments in associates of Bt41.8 million; deferred tax assets of Bt113.4 million; and other non-current assets of Bt57.8 million.

An increase in assets of Bt370.4 million from Bt21,950.7 million at the end of 2021, was due mainly to a decrease in cash of Bt234.8 million, an increase in the value of trade receivable and other receivable of Bt489.4 million, a decrease in inventory of Bt30.0 million, a decrease in other current financial asset of Bt29.9 million, a decrease in contract costs of Bt6.1 million, an increase in the value of property, plant and equipment of Bt244.2 million and a decrease in other non-current assets of Bt51.8 million.

Total Liabilities

Total liabilities decreased from Bt8,508.6 million at the end of 2021 to Bt8,275.7 million as of March 31, 2022; short-term debt decreased due to increased cash flow from operations, long term loan stabled for the period; trade and other current payables decreased due to lower purchase and payment on due term.

As of March 31, 2022, Net Interest-bearing Debt to Equity was 0.26 times as a result of lower debts but higher equity.

Shareholders' Equity

As of March 31, 2022, shareholders' Equity was Bt14,045.5 million, an increase of Bt603.4 million, due mainly to operating profit from the period 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	1Q 2022		4Q 2021		Q-o-Q Effect		1Q 2021		Y-o-Y Effect	
	Rates	Sales	Rates	Sales	%	Gain(Loss) M Baht	Rates	Sales	%	Gain(Loss) M Baht
USD	32.8854	\$87.46	33.2045	\$77.03	(1.0)	(27.90)	30.1297	\$76.14	9.1	241.01
EUR	36.6821	€11.42	37.7794	€12.49	(2.9)	(12.53)	36.0877	€10.17	1.6	6.79
CNY	5.1363	¥26.38	5.1526	¥26.54	(0.3)	(0.43)	4.6139	¥20.76	11.3	13.78
Total Effect						(40.86)				261.58

Table 2: Raw material prices and purchased volume

		1Q 2022		4Q 2021		Q-o-Q Effect		1Q 2021		Y-o-Y Effect	
		Unit price	Volume	Unit price	Volume	%	'000 US\$	Unit price	Volume	%	'000 US\$
Copper Foil (KCE)	KG.	\$14.21	441,255	\$13.68	479,448	3.90	235.45	\$11.07	555,707	28.35	1,385.13
Copper Foil (TLM)	KG.	\$15.24	638,404	\$15.43	977,089	(1.24)	(122.44)	\$11.36	646,100	34.17	2,477.96
Copper Anode	KG.	\$10.40	540,000	\$10.06	511,000	3.33	180.96	\$8.60	520,000	20.92	971.43
Fiber glass	METRE	\$0.89	3,938,921	\$0.89	4,598,309	0.27	9.58	\$0.54	3,809,896	65.93	1,394.03
Total USD							303.55	Total USD			6,228.55

The effect from copper usage on product sales price was about 0.52% Q-o-Q and 4.32% Y-o-Y.

Table 3: Consignment Sales

(Amount: in Million Baht)

	1Q 2022			1Q 2021		
	Stock Filling	Usage	Unrealized revenue	Stock Filling	Usage	Unrealized revenue
January	290.9	299.3		226.6	242.2	
February	331.3	352.8		252.5	247.4	
March	388.3	328.8		298.7	279.7	
Total	1,010.5	980.9	29.6	777.8	769.3	8.5

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

								% Incr/(Decrease)	
								Y-o-Y	Q-o-Q
		1Q21	2Q21	3Q21	4Q21	Y2021	1Q22	1Q22 / 1Q21	1Q22 / 4Q21
EUROPE	SALES-USD	49,036,384	48,120,337	49,485,008	55,326,006	201,967,735	53,283,059	8.66	(3.69)
	VOLUME-SQFT	3,747,976	3,589,423	3,593,464	4,077,479	15,008,342	3,716,868	(0.83)	(8.84)
USA	SALES-USD	21,355,276	23,028,489	19,591,108	21,222,004	85,196,877	26,393,499	23.59	24.37
	VOLUME-SQFT	1,813,380	1,813,296	1,508,082	1,625,687	6,760,446	1,887,429	4.08	16.10
ASIA (Excl.CHINA)	SALES-USD	8,251,812	8,087,131	6,388,856	6,678,146	29,405,945	6,594,961	(20.08)	(1.25)
	VOLUME-SQFT	578,808	559,215	417,417	476,338	2,031,777	476,359	(17.70)	0.00
CHINA	SALES-USD	10,700,682	10,089,841	11,477,305	11,768,473	44,036,301	14,242,003	33.09	21.02
	VOLUME-SQFT	879,581	831,336	909,134	888,617	3,508,669	1,038,809	18.10	16.90
LOCAL	SALES-USD	9,602,439	10,175,732	11,120,838	11,433,218	42,332,228	12,538,025	30.57	9.66
	VOLUME-SQFT	876,693	963,093	1,040,481	1,049,409	3,929,676	1,103,044	25.82	5.11
TOTAL	SALES-USD	98,946,594	99,501,530	98,063,114	106,427,848	402,939,086	113,051,547	14.26	6.22
	VOLUME-SQFT	7,896,439	7,756,364	7,468,578	8,117,530	31,238,910	8,222,508	4.13	1.29

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

								% Incr/(Decrease)	
								Y-o-Y	Q-o-Q
		1Q21	2Q21	3Q21	4Q21	Y2021	1Q22	1Q22 / 1Q21	1Q22 / 4Q21
02	SALES-USD	13,244,508	11,960,321	12,296,268	12,925,668	50,426,764	11,696,539	(11.69)	(9.51)
	VOLUME-SQFT	1,508,256	1,336,651	1,384,886	1,395,206	5,624,999	1,205,843	(20.05)	(13.57)
04	SALES-USD	44,538,103	46,077,884	42,957,897	48,458,562	182,032,446	48,196,469	8.21	(0.54)
	VOLUME-SQFT	3,940,395	4,008,702	3,677,211	4,076,689	15,702,998	4,021,972	2.07	(1.34)
06 +	SALES-USD	24,910,691	25,228,369	25,032,248	28,011,543	103,182,851	26,986,638	8.33	(3.66)
	VOLUME-SQFT	1,578,101	1,621,772	1,551,497	1,738,632	6,490,002	1,624,592	2.95	(6.56)
Special	SALES-USD	16,253,293	16,234,956	17,776,701	17,032,075	67,297,025	26,171,900	61.03	53.66
	VOLUME-SQFT	869,686	789,239	854,984	907,002	3,420,911	1,370,101	57.54	51.06
TOTAL-USD		98,946,594	99,501,530	98,063,114	106,427,848	402,939,086	113,051,547	14.26	6.22
TOTAL-SQFT		7,896,439	7,756,364	7,468,578	8,117,530	31,238,910	8,222,508	4.13	1.29

Table 6: KCE LatKrabang Plant - Capacity (Maximum)

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

Table 7: Capital Expenditure

CAPEX Plan - Y2022 Bt1,500 million
 Bt 1,000 million /Rojana Plant Construction
 Bt 500 million /Capacity Expansion
 Actual Spend- 1Q 2022 Bt365 million /Capacity Expansion

Forwarded for your information.

Sincerely yours,

(Mrs. Voraluksana Ongkosit)
 Executive Vice Chairperson

