

May 11, 2021

The Director and Manager  
The Stock Exchange of Thailand

Re: Information on First 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 first quarter of 2021 based on reviewed consolidated financial statements for the three-month period ended March 31, 2021. The Group's sales and net profit totaled Bt3,414.9 million and Bt503.3 million, respectively, compared to Bt3,259.7 million and Bt424.8 million in the first quarter of 2020. A summary of the Company's operating performance in the first quarter of 2021 and 2020 is shown in the following table:

[Amount in Baht Million]	1Q21	4Q20	<u>% Change</u> Q-o-Q [1Q21 VS. 4Q20]	1Q20	<u>% Change</u> Y-o-Y [1Q21 VS. 1Q20]
FX: THB/USD	30.1297	30.3803		31.1053	
FX: THB/EUR	36.0877	35.9938		34.1773	
Sales Revenue, THB	3,414.9	3,418.1	-0.09%	3,259.7	+4.76%
Sales Revenue, USD	\$113.3	\$112.5	+0.74%	\$104.8	+8.15%
Cost of Sales	2,560.3	2,592.2		2,477.7	
Gross margin, %	25.03%	24.16%		23.99%	
SG & A	402.0	388.7		429.9	
Net Profit per F/S	503.3	380.6	+32.25%	424.8	+18.48%
	14.74%	11.13%		13.03%	

**Sales Revenue**

Consolidated sales revenue in Baht terms in 1Q21 was reported at Bt3,414.9 million, representing a slight decline of 0.09% Q-o-Q but an increase of 4.76% Y-o-Y, while sales revenue in USD terms grew by 0.74% Q-o-Q and 8.15% Y-o-Y. The strengthened THB against the US dollar in the period caused a loss in revenue recognition in Baht terms by Bt16 million and Bt50 million in Q-o-Q and Y-o-Y, respectively (Table 1).

The increase in sales of PCBs in 1Q21 of 3.03% Y-o-Y (Table 4), was due mainly to a change in product mix, particularly of special grade products, and a ramping up of production output following an aggressive recovery of customer orders. Nevertheless, the first quarter sales were affected by a fewer number of working days due to the New Year holiday and fewer days in the month of February that caused a huge backlog of orders at the end of the quarter. The transportation logistics problem and the Suez Canal blockage also caused a delay in



shipments and a longer in-transit time. In addition, new selling prices that took effect on January 1, 2021, represented an effective markdown of 1.75% of sales.

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

The gross profit margin as a percentage of sales widened both Q-o-Q and Y-o-Y to 25.03% in 1Q21 following a significant increase in production capacity utilization, which reflected a firm recovery of order bookings from the beginning of the first quarter. However, the margin was pressured by the strengthened THB against the US dollar and a continual increase in the price of LME Copper, which led to the cost of goods sold increasing by 1.94% Y-o-Y (Table 2). In addition, the increase in volume of HDI PCBs of 51.35% Y-o-Y (Table 5), helped reduce the cost of goods sold despite an annual adjustment in selling price.

### **Administrative and Selling Expenses**

Selling, general, and administrative expense amounted to Bt402.0 million in 1Q21, or 11.77% of sales, an increase from Bt388.7 million in 4Q20 but a decrease from Bt429.9 million in the same period the previous year. Selling expense increased in line with higher sales. Administrative expense increased slightly Q-o-Q but decreased Y-o-Y related mainly to staff costs and R&D expense.

### **Net Profit**

The Group reported a consolidated net profit of Bt503.3 million in 1Q21, representing a substantial increase of 32.25% Q-o-Q and 18.48% Y-o-Y. Operating profit in 1Q21 totaled Bt430.4 million (excluding a gain on foreign currency exchange rate of Bt72.9 million), representing an increase of 3.01% Q-o-Q and 24.01% Y-o-Y.

The strong performance was the result of better efficiency, revenue growth from an automotive market recovery and the effect of a change in product mix, whereas the gross margin widened and SG&A increased slightly. This resulted in basic earnings per share of Bt0.43 in 1Q21.

### **Total Asset**

Total assets as of March 31, 2021 amounted to Bt18,506.8 million, consisting of current assets of Bt9,284.8 million; property, plant and equipment of Bt8,081.0 million net; intangible assets of Bt236.9 million; contract costs assets of Bt381.0 million; investment property of Bt158.5 million; goodwill of Bt153.5 million; investments in associates of Bt32.9 million; deferred tax assets of Bt97.3 million; and other non-current assets of Bt80.9 million.

An increase in assets of Bt1,129.8 million from Bt17,377.0 million at the end of 2020, was due mainly to an increase in cash of Bt233.6 million, an increase in the value of trade receivable and other receivable of Bt564.1 million, an increase in inventory of Bt102.5 million, an increase in other current financial asset of Bt188.5 million, an increase in contract costs of Bt7.0 million, an increase in other non-current assets of Bt58.6 million and a decrease in the value of property, plant and equipment of Bt25.8 million.

### **Total Liabilities**

Total liabilities increased from Bt5,315.0 million at the end of 2020 to Bt5,874.8 million as of March 31, 2021; short-term debt decreased due to increased cash flow from operations, 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 March 31, 2021, Net Interest-bearing Debt to Equity was 0.20 times as a result of higher debts and higher equity.

### Shareholders' Equity

As of March 31, 2021, shareholders' Equity was Bt12,632.0 million, an increase of Bt570.0 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

Currency	1Q 2021		4Q 2020		Q-o-Q Effect		1Q 2020		Y-o-Y Effect	
	Rates	Sales	Rates	Sales	%	(Loss) M Baht	Rates	Sales	%	(Loss) M Baht
USD	30.1297	\$76.14	30.3803	\$77.81	(0.8)	(19.08)	31.1053	\$74.43	(3.1)	(74.28)
EUR	36.0877	€10.17	35.9938	€9.66	0.3	0.95	34.1773	€9.42	5.6	19.43
JPY	0.2820	¥0.44	0.2860	¥0.09	(1.4)	(0.00)	0.2820	¥0.00	0.0	0.00
CNY	4.6139	¥20.76	4.5345	¥14.92	1.8	1.65	4.4116	¥7.98	4.6	4.20
Total Effect						(16.48)				(50.65)

(Unit: Million)

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

		1Q 2021		4Q 2020		Q-o-Q Effect		1Q 2020		Y-o-Y Effect		
		Unit price	Volume	Unit price	Volume	%	'000 US\$	Unit price	Volume	%	'000 US\$	
Copper Foil (KCE)	KG.	\$11.07	555,707	\$10.03	407,998	10.36	577.35	\$9.51	361,478	16.35	864.69	
Copper Foil (TLM)	KG.	\$11.36	646,100	\$10.08	742,451	12.76	830.36	\$9.33	653,817	21.79	1,313.34	
Copper Anode	KG.	\$8.60	520,000	\$7.37	462,001	16.71	640.33	\$6.48	425,000	32.81	1,104.69	
Fiber glass	METRE	\$0.54	3,809,896	\$0.52	3,582,089	2.80	55.64	\$0.58	4,331,001	(7.98)	(177.36)	
Total US\$							2,103.68	Total US\$				3,105.36

The effect from copper usage on product sales price was about 1.13% Q-o-Q and 1.94% Y-o-Y.

**Table 3:** Consignment Sales

	1Q 2021			1Q 2020		
	Stock Filling	Usage	Unrealized revenue	Stock Filling	Usage	Unrealized revenue
January	226.6	242.2		307.0	219.9	
February	252.5	247.4		294.6	313.9	
March	298.7	279.7		323.3	297.5	
Total 1Q	777.8	769.4	8.4	924.9	831.3	93.6

(Amount: in Baht Million)



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

								% Incr/(Decr)	
		1Q20	2Q20	3Q20	4Q20	Y2020	1Q21	1Q21 / 1Q20	1Q21 / 4Q20
EUROPE	SALES-USD	50,309,931	26,111,790	31,383,617	47,700,569	155,505,907	49,036,384	(5.71)	5.11
	VOLUME-SQFT	3,974,969	1,975,239	2,422,499	3,565,853	11,938,560	3,747,976		
USA	SALES-USD	20,031,233	11,339,764	15,862,139	19,085,440	66,318,576	21,355,276	8.33	15.70
	VOLUME-SQFT	1,673,992	889,194	1,229,524	1,567,293	5,360,003	1,813,380		
ASIA (Excl.CHINA)	SALES-USD	8,174,843	6,153,770	6,402,337	8,447,945	29,178,894	8,251,812	(0.68)	(3.68)
	VOLUME-SQFT	582,794	425,508	444,593	600,898	2,053,793	578,808		
CHINA	SALES-USD	8,816,259	6,867,450	10,685,658	14,371,695	40,741,063	10,700,682	19.35	(23.47)
	VOLUME-SQFT	736,956	576,081	886,552	1,149,402	3,348,991	879,581		
LOCAL	SALES-USD	8,701,827	4,756,720	5,601,859	8,823,952	27,884,359	9,602,439	0.24	10.37
	VOLUME-SQFT	874,567	445,664	508,653	794,340	2,623,225	876,693		
TOTAL	SALES-USD	96,034,092	55,229,495	69,935,610	98,429,601	319,628,799	98,946,594	3.03	0.53
	VOLUME-SQFT	7,843,278	4,311,686	5,491,821	7,677,786	25,324,571	7,896,439	0.68	2.85

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

								% Incr/(Decr)	
		1Q20	2Q20	3Q20	4Q20	Y2020	1Q21	1Q21 / 1Q20	1Q21 / 4Q20
PD-Mix									
02	SALES-US\$	13,631,771	6,227,641	8,517,095	11,707,800	40,084,308	13,244,508	(2.84)	13.13
	VOLUME-SQFT	1,611,007	745,892	981,968	1,324,479	4,663,346	1,508,256	(6.38)	13.88
04	SALES-US\$	44,372,295	23,838,942	31,110,980	43,626,872	142,949,089	44,538,103	0.37	2.09
	VOLUME-SQFT	3,956,494	2,099,945	2,769,555	3,843,570	12,669,564	3,940,395	(0.41)	2.52
06 +	SALES-US\$	26,504,582	14,746,207	17,915,852	24,717,619	83,884,260	24,910,691	(6.01)	0.78
	VOLUME-SQFT	1,701,166	936,955	1,143,239	1,552,813	5,334,174	1,578,101	(7.23)	1.63
Special	SALES-US\$	11,525,444	10,416,705	12,391,683	18,377,310	52,711,141	16,253,293	41.02	(11.56)
	VOLUME-SQFT	574,611	528,893	597,060	956,924	2,657,488	869,686	51.35	(9.12)
TOTAL-USD		96,034,092	55,229,495	69,935,610	98,429,601	319,628,799	98,946,594	3.03	0.53
TOTAL-SQFT		7,843,278	4,311,686	5,491,821	7,677,786	25,324,571	7,896,439	0.68	2.85

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

1Q 2021 – 2Q 2021	1.75 million sq.ft./month
3Q 2021 – 4Q 2021	2.10 million sq.ft./month

**Table 7:** Capital Expenditure

CAPEX Plan - Y2021	Bt 2,000 million
Actual Spend- 1Q 2021	Bt 177 million

Forwarded for your information.

Sincerely yours,

(Mrs. Voraluksana Ongkosit)

Executive Vice Chairperson

