

The Stock Exchange of Thailand
93 Ratchadapisek Road,
Dindaeng, Dindaeng,
Bangkok 10400

12th November, 2021

Dear Sirs,

Re : Submission of the Interim Financial Statements for the period ended September 30, 2021
and Management Discussion and Analysis for the third quarter 2021 results

To: Directors and Manager
The Stock Exchange of Thailand

Management Discussion and Analysis for the third quarter results

Summary

Thai Economy in Thailand was still affected by the pandemic COVID-19 and The strict measures weaken private consumption, slower purchasing power. Even though, the government released packages to support purchasing power. The Exports of goods also dropped by pandemic spike in foreign countries, decelerated demands in trading partners

The Bank of Thailand has lowered GDP growth forecast for 2021 to 0.7 percent due to the Government extended lockdown in critical areas. Meanwhile, The Thai Baht weakened continuously in third quarter.

The Aluminum prices in third quarter continue increase by more than 10% from second quarter and more than 40% from the beginning of the year. Aluminum prices in Q3 are the highest in 13 years. The surge was due to supply reduction in China, higher input costs, and energy supply shortages.

The production consolidation between Samrong plant and Sriracha plant helps to energy and other manufacturing overhead costs.

As more than 70% of total revenue was export sales, Thai Baht depreciation against Japanese Yen and US dollar had significantly increased export sales.

In summary, the company reported total revenues in Q3/21 of Baht 1,557.4 million, increased 40% from Baht 1,112.3 million in Q3/20 and net profit of Baht 194.4 million or increased 43.9% from Baht 135.1 million in Q3/20. Total revenues for 9M21 was Baht 4,410.4 million, increased 11.9% from Baht 3,940.1 million in 9M20 and net profit of Baht 590.2 million, increased 10.7% from Baht 533.2 million in 9M20.

Operating Results for Third quarter of 2021

	Unit : Million Baht		
	Q3/21	Q3/20	Change %
Revenue			
Revenue from sales of goods	1,472.7	1,051.8	40.0
Net foreign exchange gain	40.7	36.7	10.9
Other income	44.0	23.8	84.9
Total revenue	1,557.4	1,112.3	40.0
Expenses			
Cost of sales of goods	1,229.2	875.8	40.4
Gross profit	243.5	176.0	38.4
Gross profit margin	16.5%	16.7%	
Selling expenses	53.3	34.3	55.4
Administrative expenses	31.8	33.2	(4.2)
Net foreign exchange loss	-	-	-
Finance costs	-	-	-
Total expenses	1,314.3	943.3	39.3
Profit before income tax expense	243.1	169.0	43.8
Tax expense	48.7	33.9	43.7
Profit for the period	194.4	135.1	43.9
Earnings per share (in Baht)	4.50	3.13	43.9

The Company's net profit for Q3/21 was Baht 194.4 million representing increased of Baht 59.3 million from Baht 135.1 million in Q3/20 or significant increased by 43.9%. The main reasons are as follows:

1. The company reported revenue from sales for Q3/21 of Baht 1,472.7 million, increased by Baht 420.9 million. In terms of sales by operating segments are as below:

	Q3/21		Q3/20		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Can and Tube	749.7	50.9	597.2	56.8	152.5	25.5
Export sales	424.7	28.8	326.3	31.0	98.4	30.2
Domestic sales	325.0	22.1	270.9	25.8	54.1	20.0
Slug	723.0	49.1	454.6	43.2	268.4	59.0
Export sales	722.8	49.1	453.5	43.1	269.3	59.4
Domestic sales	0.2	0.0	1.1	0.1	(0.9)	(81.8)
Total sales	1,472.7	100.0	1,051.8	100.0	420.9	40.0

The increasing sales of Baht 420.9 million comprised of Can/Tube sales increased Baht 152.5 million or 25.5% contributed from local sales increased Baht 54.1 million or 20% while export increased Baht 98.4 million or 30.2%. Slug sales increased Baht 268.4 million or 59% due to sales volume increase 1,088 MT mainly from export to Japan, Australia, Dubai, Indonesia and average selling price increased in line with LME Market.

In addition, THB depreciation against JPY by about 1.4% and against US dollar 5.1% compared to Q3/20 had increased export sales. In Q3/21, the JPY was around Baht 29.55 per 100 Yen compared to Baht 29.14 per 100 Yen in Q3/20 and USD was around Baht 32.77 compared to Baht 31.17 in Q3/20.

2. Net foreign exchange rate gain during Q3/21 was Baht 40.7 million from recognized foreign exchange rate differences arising on received/payment in foreign currency and from translated assets and liabilities denominated in foreign currencies to Thai Baht which was mainly from US\$.

3. Other income was Baht 44 million, increased by Baht 20.2 million, mainly consisting of Aluminium Baled scrap which are scrap from production process sold to recycled industry. The increase was due to average selling price increase by 65% from LME.

4. The increase cost of sales was from Aluminium Ingots price which increased by 60.5% compared to Q3/20 and increase in Aluminium Slug sales volume 1,088 MT.

The increase in crude oil price has led to the increasing natural gas price by about 33% compared to Q3/20. In summary, cost of sales for Q3/21 increased of Baht 353.4 million or 40.4% from 875.8 million to Baht 1,229.2 million.

5. The Company's gross profit for Q3/21 was Baht 243.5 million or 16.5% of total sales, which had been increased from Q3/20 amount of Baht 67.5 million or 38.4% mainly from revenue increased.

6. Selling and administrative expenses for Q3/21 was Baht 85.1 million, increased of Baht 17.6 million or 26.1%, cause by sea freight from export sales.

7. Income tax expense for Q3/21 increased Baht 14.8 million from Q3/20 as a result of increase profit before tax of Baht 74.1 million.

Operating Results for **nine months** period ended 30 September 2021

Unit : Million Baht

	9M21	9M20	Change %
Revenue			
Revenue from sales of goods	4,207.3	3,795.9	10.8
Net foreign exchange gain	87.6	58.8	49.0
Other income	115.5	85.4	35.2
Total revenue	4,410.4	3,940.1	11.9
Expenses			
Cost of sales of goods	3,422.7	3,063.5	11.7
Gross profit	784.6	732.4	7.1
Gross profit margin	18.6%	19.3%	
Selling expenses	150.1	105.2	42.7
Administrative expenses	102.1	108.3	(5.7)
Net foreign exchange loss	-	-	-
Finance costs	-	-	-
Total expenses	3,674.9	3,277.0	12.1
Profit before income tax expense	735.5	663.1	10.9
Tax expense	145.3	129.9	11.9
Profit for the period	590.2	533.2	10.7
Earnings per share (in Baht)	13.66	12.34	10.7

The Company's net profit for 9M21 was Baht 590.2 million representing increased of Baht 57 million from Baht 533.2 million in 9M20 or increased by 10.7%. The main reasons are as follows:

1. The company reported revenue from sales for 9M21 of Baht 4,207.3 million, increased by Baht 411.4 million. In terms of sales by operating segments are as below:

	9M21		9M20		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Can and Tube	2,294.2	54.5	2,185.4	57.6	108.8	5.0
Export sales	1,307.7	31.1	1,189.0	31.3	118.7	10.0
Domestic sales	986.5	23.4	996.4	26.3	(9.9)	(1.0)
Slug	1,913.1	45.5	1,610.5	42.4	302.6	18.8
Export sales	1,911.1	45.4	1,606.7	42.3	304.4	19.0
Domestic sales	2.0	0.1	3.8	0.1	(1.8)	(47.4)
Total sales	4,207.3	100.0	3,795.9	100.0	411.4	10.8

The increasing sales of Baht 411.4 million comprised of Can/Tube sales increased Baht 108.8 million or 5% contributed from export sales increased Baht 118.7 million or 10% and local decreased Baht 9.9 million or 1%, Slug sales increased Baht 302.6 million or 18.8% due to the increase in sales volume of 342 MT or increased 1.7% mainly increased export to Japan, Dubai, Australia, Indonesia and average selling price increased in line with prices quoted by LME Market.

In 9M21, the JPY was around Baht 28.92 per 100 Yen compared to Baht 28.67 per 100 Yen in 9M20 and USD was around Baht 31.41 compared to Baht 31.38 in 9M20.

2. Net foreign exchange rate gain during 9M21 was Baht 87.6 million from recognized foreign exchange rate differences arising on received/payment in foreign currency and from translated assets and liabilities denominated in foreign currencies to Thai Baht which was mainly from US\$.

3. Other income was Baht 115.5 million, increased of Baht 30.1 million mainly consisting of Aluminium Baled scrap which are scrap from production process sold to recycled industry. The increase was due to average selling price increase by 44% from LME.

4. The increase cost of sales was mainly from Aluminium Ingots price which increased by 31% compared to 9M20 and increase in Aluminium Slug sales volume 343 MT.

The increase in crude oil price has led to the increasing natural gas price by about 19% compared to 9M20. In summary, cost of sales for 9M21 increased of Baht 359.2 million or 11.7% from 3,063.5 million to Baht 3,422.7 million.

5. The Company's gross profit for 9M21 was Baht 784.6 million or 18.6% of total sales, which had increased from 9M20 amount of Baht 52.2 million or 7.1%. The increased of gross profit margin was due to Revenue increased.

6. Selling and administrative expenses for 9M21 was Baht 252.2 million, increased of Baht 38.7 million or 18.1% mainly from sea freight for export sales.

7. Income tax expense for 9M21 increased Baht 15.4 million from 9M20 as a result of increased profit before tax of Baht 72.4 million.

Financial position

Unit : Million Baht

	30-Sep-21	31-Dec-20	Change	Change
Total current assets	4,265.3	2,930.9	1,334.4	45.5%
Total non-current assets	2,974.4	3,868.2	(893.8)	-23.1%
Total assets	7,239.7	6,799.1	440.6	6.5%
Total current liabilities	650.6	353.9	296.7	83.8%
Total non-current liabilities	468.7	483.0	(14.3)	-3.0%
Total liabilities	1,119.3	836.9	282.4	33.7%
Total equity	6,120.4	5,962.2	158.2	2.7%
Total liabilities and equity	7,239.7	6,799.1	440.6	6.5%

Assets

As at 30 September 2021, the company reported total assets of Baht 7,239.7 million, increased of Baht 440.6 million or 6.5% from 31 December 2020 was due to

- Cash and cash equivalents increased of Baht 423.1 million.
- Trade account receivables increased Baht 318.6 million.
- Inventories increased Baht 557.8 million mainly from increased in raw materials, Aluminium Ingots.
- Financial assets decreased 650 million from sold investment of Thai Cash Management
- Property, plant and equipment net decreased Baht 246.7 million from depreciation expense during 9months is 299.3 million while new investment only Baht 52.6 million.

Liabilities

As at 30 September 2021, total liabilities was Baht 1,119.3 million, increased from 31 December 2020 Baht 282.4 million or 33.7% was due to

- Trade accounts payable increased Baht 227.1 million.
- Other payables increased Baht 66.1 million.
- Income tax payable decreased Baht 14.9 million.
- Advance received from customer increased 6.6 million.
- Employee benefit obligations increased Baht 7.9 million

Equity

As at 30 September 2021, Shareholders' equity was Baht 6,120.4 million, increased Baht 158.2 million from net profit for 9M21 of Baht 590.2 million deduct dividend payment to Shareholders Baht 432 million.

Cash flow statements

Unit : Million Baht

	9M21	9M20
Net cash from operating activities	293.0	1,231.6
Net cash used in investing activities	562.1	(644.0)
Net cash used in financing activities	(432.0)	(324.1)
Net increase in cash and cash equivalents	423.1	263.5
Cash and cash equivalents at 1 January	1,125.8	883.9
Cash and cash equivalents at 30 September	1,548.9	1,147.4

- Net cash inflow of Baht 293 million from operation, from increased account payable.
- Cash for investment activities was Baht 562.1 million, from sold investment of Thai Cash Management.
- Net cash used for financing activities was Baht 432.0 million mainly for dividend payment.

-As a result of the above, the cash and cash equivalent at 30 September 2021 was Baht 1,548.9 million.

Yours faithfully,
ALUCON Public Company Limited

(Mr. Takaaki Takeuchi)
Managing Director

CC. The Office Security Exchange Commission (S.E.C.)