



15 November 2021

To: President

The Stock Exchange of Thailand

Re: Management Discussion and Analysis (MD&A) for the Third Quarter of 2021 ending as at 30 September 2021

P.C.S. Machine Group Holding Public Company Limited (the "Company") would like to inform the Management Discussion and Analysis (MD&A) for the third quarter of 2021 ending at 30 September 2021 as follow;

**Financial Overview for Quarterly Comparison**

Descriptions	Q3-2021	Q2-2021	Q3-2020	Changes QoQ (%)	Changes YoY (%)	Ratio to Sales Q3- 2021	Ratio to Sales Q2- 2021	Ratio to Sales Q3- 2020
Sales Revenue	1,040.9	1,140.7	905.6	-8.7%	14.9%			
- Local Business	833.8	852.1	610.7	-2.1%	36.5%			
- Overseas Business	207.1	288.6	294.9	-28.2%	-29.8%			
Other Revenue	19.2	28.9	33.5	-33.5%	-42.7%			
Total Revenue	1,060.1	1,169.5	939.1	-9.4%	12.9%			
Cost of Goods Sold	790.2	894.1	747.6	-11.6%	5.7%	75.9%	78.4%	82.6%
- Local Business	592.9	621.9	480.4	-4.7%	23.4%	71.1%	73.0%	78.7%
- Overseas Business	197.3	272.2	267.2	-27.5%	-26.2%	95.3%	94.3%	95.3%
Gross Profits	250.7	246.6	158.0	1.7%	58.7%	24.1%	21.6%	17.4%
- Local Business	240.9	230.2	130.3	4.7%	84.9%	28.9%	27.0%	21.3%
- Overseas Business	9.8	16.4	27.7	-40.2%	-64.6%	4.7%	5.7%	9.4%
SG&A	110.4	118.9	108.1	-7.1%	2.1%	10.6%	10.4%	11.9%
- Local Business	43.3	44.7	37.4	-3.2%	15.8%	5.2%	5.2%	6.1%
- Overseas Business	67.1	74.2	70.7	-9.5%	-5.1%	32.4%	25.7 %	24.0%
Net Profit	211.4	173.6	133.7	21.8%	58.1%	19.9%	14.8%	14.2%
- Local Business	193.6	181.8	93.5	6.5%	107.1%	23.2%	21.3%	15.3%
- Overseas Business	(54.0)	(46.6)	(22.8)	15.8%	136.8%	-26.1%	-16.2%	-7.7%
- Gain on sales of investment properties	36.3	0.0	0.0	100.0%	n.a.	3.4%	0.0%	0.0%
Fx Gain (Unrealized)	35.5	38.5	63.0	-7.7%	-43.7%	3.5%	3.3%	6.7%

(Unit : THB million)

The Automotive Industry Club, the Federation of Thai Industries, reported the information of overall automotive industry in the third quarter of 2021 that the overall industry began to recover, although it was still under the pandemic situation for the Coronavirus Disease 2019 (COVID-19) resulting domestic vehicle sales in third quarter of 2021 was 151,489 units, decreasing 26.5% compared to that of 2020 of 206,161 units and declining 13.8% from 175,838 units in the last quarter. Vehicle export of 203,992 units increased 19.4% comparing to that of 2020 of 170,907 units but declining 5.3% from 215,381 units in the last quarter. Total production of vehicles in the third quarter of 2021 was 367,345 units, increasing 3.1% compared to that of 2020 of 356,255 units but declining 3.0% from 378,768 units in the last quarter, whereas the production of 1-ton pickup truck was totaling 217,581 units, increasing 0.9% compared to that of 2020 of 215,655 units but declining 10.6% from 243,441 units in the last quarter.

### Sales Revenue

In the third quarter of 2021, the Company and its subsidiaries recorded Sales Revenue at Baht 1,040.9 million, increasing 14.9% from Baht 905.6 million in the same period of 2020, but declining 8.7% from Baht 1,140.7 million in the second quarter of 2021, which resulted from changes of sales revenue from local and overseas business as follow;

- Local business: Sales revenue was at Baht 833.8 million, increasing 36.5% from Baht 610.7 million in the same period of 2020 but declining 2.1% from Baht 852.1 million in the second quarter of 2021, due to temporary close down of production lines in 2020 as a result of the Covid-19 pandemic situation comparing to normal business operation in 2021. The decline from the second quarter of 2021 was due to the slowdown in order from some customers affected by Covid-19 and shortages of semiconductor components.
- In the third quarter of 2021, the Company recorded the sales revenue generating from overseas business in the amount of Baht 207.1 million, decreasing 29.8% from Baht 294.9 million in the same period of 2020 and declining 28.2% from Baht 288.6 million in the second quarter of 2021 due to the shortage of semiconductor components, which was a consequence of outbreak situation of COVID-19 occurring in the automobile industry worldwide, including European region and the pulling the order back by some main customers.

### Cost of Goods Sold (COGS)

In the third quarter of 2021, the Company and its subsidiaries recorded COGS of Baht 790.2 million, increasing 5.7% from Baht 747.6 million in the same period of 2020, with the ratio of COGS to sales revenue of 75.9%, but decreasing 11.6% from Baht 894.1 million in the second quarter of 2021, which resulted from changes of COSG from local and overseas business as follow;

- Local business: COGS was at Baht 592.9 million, increasing 23.4% from Baht 480.4 million in the same period of 2020 but declining 4.7% from Baht 621.9 million in the second quarter of 2021. The ratio of COGS to sales revenue in the third quarter of 2021 was 71.1%, reducing from 78.7% in the same period of 2020 and declining from 73.0% in the second quarter of 2021 as a result of reducing the raw materials and supplies used in production in the second quarter of 2021 and the third quarter of 2020 as well as a result of the decreasing of depreciation expense in the third quarter of 2020.
- Overseas business: COGS was Baht 197.3 million in the third quarter of 2021, decreasing 26.2% from Baht 267.2 million in the same period of 2020 and decreasing 27.2% from Baht 272.2 million in the second quarter of 2021, resulted the ratio of COGS to sales revenue of 95.3%. The reduction in this proportion was in line with the decrease in sales revenue.

**Gross Profit**

In accordance with the changes in Sale Revenue and COGS as described above, in the third quarter of 2021, the Company and its subsidiaries recorded a gross profit of Baht 250.7 million, increasing 58.7% from gross profit of Baht 158.0 million in the same period of 2020. Gross profit margin in the third quarter of 2021 was 24.1%, contributed from local and overseas business of Baht 240.9 million and Baht 9.8 million, respectively.

**Selling, General and Administrative Expenses (SG&A)**

In the third quarter of 2021, the Company and its subsidiaries recorded SG&A of Baht 110.4 million, increasing 2.1% from Baht 108.1 million in the same period of 2020, but decreasing 7.1% from Baht 118.9 million in the second quarter of 2020, with the ratio of SG&A to sales revenue of 10.6%, which resulted from changes of SG&A from local and overseas business as follow;

- Local business: SG&A recorded at Baht 43.3 million, increasing 15.8% from Baht 37.4 million in the same period of 2020 but decreasing 3.2% from Baht 44.7 million in the second quarter of 2020, with the ratio of SG&A to sales revenue of 5.2%. The expense was back to normal level after the policy of managing expenses under the pandemic situation of COVID-19, continuously.
- Overseas business: SG&A of Baht 67.1 million in the third quarter of 2021, decreasing 5.1% from Baht 70.7 million in the same quarter of 2020, with the ratio of SG&A to sales revenue of 32.4%, and decreasing 9.5% from the second quarter of Baht 74.2 million as the result from decreasing in personnel costs from a reduction in number of employee and increasing of the German government subsidy receipt from a short-time working program due to the economic impact of the pandemic of COVID-19 in the third quarter of 2021.

**Foreign Exchange Gain/Loss**

In the third quarter of 2021, the Company recorded the unrealized gain on foreign exchange of Baht 35.5 million, compared with the unrealized gain of Baht 63.0 million in the same period of 2020 and the unrealized gain of Baht 38.5 million in the second quarter of 2021 pursuant to loans to overseas subsidiaries for overseas business. The exchange rate of Baht currency against Euro as of 30 September 2021 was at Baht 38.9765.

**Gain on sale of Oversea Indirect Subsidiary**

In the third quarter of 2021, the subsidiary recorded the gain on sales of an oversea indirect subsidiary to a foreign non-related company of Baht 36.3 million, such oversea indirect subsidiary had held the ownership of the unused assets which was the investment properties that included the land and buildings, located at Grubenstrasse 13-15, Heiligenhaus, Germany.

**Net Profit**

In the third quarter of 2021, the Company and its subsidiaries recorded a net profit of Baht 211.4 million with the net profit margin of 19.9% and net profit per share of Baht 0.139, compared with the net profit of Baht 133.7 million in the same period of 2020 and the net profit in the second quarter of 2021 of Baht 173.6 million. If excluding unrealized gain from foreign exchange and gain on sales of oversea subsidiary, the Company shall record a net profit of Baht 139.6 million in the third quarter of 2021, comparing to a net profit of Baht 70.7 million in the same period of 2020, and a net profit of Baht 135.1 million in the second quarter of 2020.

Financial performance for local and overseas business could be analyzed as follow;

- Local business: The Company recorded a net profit of Baht 193.6 million in the third quarter of 2021, with a net profit margin of 23.2%, comparing to a net loss of Baht 93.5 million in the same period of 2020 and a net profit of Baht 181.8 million in the second quarter of 2021.
- Overseas business: The Company had a net loss of Baht 54.0 million in the third quarter of 2021, with the ratio of a net loss to sales revenue of 26.1%, negative increasing from a net loss of Baht 22.8 million in the same period of 2020 and a net loss of Baht 46.6 million the second quarter of 2021.

**In summary**, the Company's financial performance having gradually improved in positive direction after the first outbreak situation of Covid-19 during the second quarter of 2020 until present was mainly due to a success of continued cost reduction and expense saving programs together with restructuring of production line to enhance more automation and robotics, resulting staff reduction to an optimize number for production and then leading to favorable financial result for the third quarter of 2021. Although the Company is still during negative situation of Covid-19 situation since the beginning of the year, the Company strongly embedded with intense screening measure of Covid-19 for all employees before entering into workplace together with supporting for vaccination to all staffs and implementing remoted office in order to reduce risk for spreading infection.

#### Statement of Financial Position

Descriptions	As of 30 September 2021	As of 31 December 2020	Changes + / (-)
Current Assets	3,204.4	3,082.7	121.7
Non-current Assets	2,361.7	2,655.3	(293.6)
<b>Total Assets</b>	<b>5,566.2</b>	<b>5,738.0</b>	<b>(171.8)</b>
Current Liabilities	526.2	571.9	(45.7)
Non-current Liabilities	423.5	433.6	(10.1)
<b>Total Liabilities</b>	<b>949.7</b>	<b>1,005.5</b>	<b>(55.8)</b>
Paid-up Share Capital	1,525.0	1,525.0	-
Share Premium	2,741.7	2,741.7	-
Retained Earnings	297.7	402.5	(104.8)
<b>Total Shareholders' Equity</b>	<b>4,616.5</b>	<b>4,732.5</b>	<b>(116.0)</b>

(Unit: Baht million)

Total Assets as of 30 September 2021 were Baht 5,566.2 million. Current Assets increased by Baht 121.7 million from Baht 3,082.7 million as of 31 December 2020. Cash and cash equivalents including cash at bank fixed deposit accounts decreased by Baht 76.4 million. Trade accounts receivable increased by Baht 20.4 million in accordance with improving sales revenue in the third quarter of 2021. Inventories increased by Baht 198.0 million in line with a higher production. Non-current asset decreased of Baht 293.6 million due to the disposal of certain investment properties of overseas business and depreciation in the third quarter of 2021.

Total liabilities as of 30 September 2021 were Baht 949.7 million, decreased by Baht 55.8 million from 31 December 2020, due to the repayment of short-term loan to the financial institution of overseas business in the first quarter of 2021 of Baht 43.9 million, the repayment in lease liabilities of Baht 26.1 million and the increasing of Provision for long-term employee benefits of Baht 17.7 million.

Shareholder's Equity as of 30 September 2021 were Baht 4,616.5 million, declined by Baht 116.0 million from 31 December 2020 due to the annual dividend payment of 2020 to shareholders in April 2021 pursuant to the resolution of the Annual General Shareholders Meeting 2021 and the interim dividend payment for the first half of 2021 in August 2021, totaling Baht 610.0 million and the increasing from total comprehensive income for the period of Baht 492.6 million.

#### Cash Flow Statement

Descriptions	As at 30 September 2021	As at 30 September 2020	Changes +/(-)
Cash flows from operating activities	649.6	749.6	(100.0)
Cash flows from investing activities	70.5	(1,002.1)	1,072.6
Cash used in financing activities	(695.8)	(211.6)	(484.2)
Exchange differences on translation of financial statements in foreign currency	(47.0)	(70.9)	23.9
Net increase (decrease) in cash	(22.7)	(535.0)	
<b>Cash and cash equivalents</b>	<b>789.8</b>	<b>620.7</b>	

(Unit : THB million)

The Company's net cash flow as of 30 September 2021 was Baht 1,621.7 million (the cash in savings accounts of Baht 789.8 million and the short-term investments in local financial institutions of Baht 832.0 million). Cash flow from operating activities was Baht 649.6 million and cash from investing activities of Baht 70.5 million being net received from sales of investment properties and sales of non-operating machine/equipment from overseas business of Baht 65.7 million, net received from sale of an oversea subsidiary of Baht 37.9 million, cash receipt from the withdrawal from a time-deposit bank account of Baht 63.0 million, and payment for a purchase of equipment of Baht 100.1 million. Cash used in financing activities was Baht 695.8 million due mainly to dividend payment to shareholders of Baht 610.0 million and the short-term loan repayment of overseas business and the payment of lease liabilities of Baht 71.6 million.

Please be informed accordingly.

Sincerely Yours,



(Mr. Angkrit Rungrotkitiyot)

Chief Executive Officer