

บริษัท อลูคอน จำกัด (มหาชน) ALUCON Public Company Limited

500 ซอยศิริคาม ถนนสุขุมวิท ซอย 72
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The Stock Exchange of Thailand
93 Ratchadapisek Road,
Dindaeng, Dindaeng,
Bangkok 10400

11th August, 2022

Dear Sirs,

Re : Submission of the Interim Financial Statements for the period ended June 30, 2022
and Management Discussion and Analysis for the second quarter 2022 results
To: Directors and Manager
The Stock Exchange of Thailand

Management Discussion and Analysis for the second quarter results

Summary

In the second quarter of the year, the Thai economy continued to improve from the previous quarter. The number of foreign tourists continued to increase due to the relaxation of epidemic control measures and international travel restrictions. As a result, the trade and service sectors recovered. For the current account, the deficit was less due to the deficit of the service, income and transfer balance.

The exchange rate of the baht against the US dollar continued to depreciate in line with regional currencies. Following the appreciation of the US dollar, in the second quarter, the baht depreciated 6% since the beginning of the year and 10% compared to the same period in 2021. Because of the tightening of monetary policy by the US Federal Reserve and Hiking interest rate in May and June by 0.5% and 0.75%, respectively.

Aluminum Price in the second quarter started to decline throughout the quarter. Because China, the world's largest aluminum producer, announced to relax the lockdown measures and lift the lockdown within this quarter. As a result, economic and industrial activities resumed as normal operations. The shortage of raw materials for production has gradually low.

As more than 75% of revenue was export sales, Thai Baht depreciation against US dollar in same period effect to increase export sales.

In summary, the company reported total revenues in 2Q22 of Baht 1,868.7 million, increase 30.3% from Baht 1,434.4 million in 2Q21 and net profit of Baht 202.4 million or increase 0.9% from Baht 200.6 million in 2Q21.

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Total revenues for 6M22 was Baht 3,652.1 million or 28% from Baht 2,853 million in 6M21 and net profit of Baht 336.4 million, down 15% from Baht 395.8 million in 6M21.

Operating Results for second quarter of 2022

Unit : Million Baht

	2Q22	2Q21	Change %
Revenue			
Revenue from sales of goods	1,752.2	1,377.6	27.2
Net foreign exchange gain	47.6	18.0	164.4
Other income	68.9	38.8	77.6
Total revenue	1,868.7	1,434.4	30.3
Expenses			
Cost of sales of goods	1,529.1	1,101.7	38.8
Gross profit	223.1	275.9	(19.1)
Gross profit margin	12.7%	20.0%	
Selling expenses	66.6	50.9	30.8
Administrative expenses	33.6	33.3	0.9
Net foreign exchange loss	-	-	-
Finance costs	-	-	-
Total expenses	1,629.3	1,185.9	37.4
Profit before income tax expense	239.4	248.5	(3.7)
Tax expense	37.0	47.9	(22.8)
Profit for the period	202.4	200.6	0.9
Earnings per share (in Baht)	4.69	4.64	0.9

The Company's net profit for 2Q22 was Baht 202.4 million representing a increase of Baht 1.8 million from Baht 200.6 million in 2Q21 or 0.9%. The main reasons are as follows:

1.The company reported revenue from sales for 2Q22 of Baht 1,752.2 million, increased by Baht 374.6 million. In terms of sales by operating segments are as below:

	2Q22		2Q21		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Can and Tube	859.7	49.1	758.7	55.1	101.0	13.3
Export sales	492.1	28.1	443.3	32.2	48.8	11.0
Domestic sales	367.6	21.0	315.4	22.9	52.2	16.6
Slug	892.5	50.9	618.9	44.9	273.6	44.2
Export sales	892.0	50.9	618.2	44.8	273.8	44.3
Domestic sales	0.5	0.0	0.7	0.1	(0.2)	(28.6)
Total sales	1,752.2	100.0	1,377.6	100.0	374.6	27.2

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The increasing sales of Baht 374.6 million comprised of Can/Tube sales increased Baht 101 million or 13.3% contributed from export sales increased Baht 48.8 million or 11%, local increased Baht 52.2 million or 16.6%.

Slug sales increased Baht 273.6 million or 44.2% from the increase in LME prices, which was a decrease in sales volume of 91.1 MT or 1.39%

2. Net foreign exchange gain for 2Q22 was Baht 47.6 million from recognized foreign exchange 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 68.9 million, increased by Baht 30.1 million, mainly consisting of Aluminium Baled scrap which are scrap from production process sold to other industries for recycled.

4. The increase cost of sales was from Aluminium Ingot price increased, compared to 2Q21 due to higher LME prices, which sales volume decreased of Aluminium Slug 91.1 MT. In summary, cost of sales for 2Q22 increased of Baht 427.4 million or 38.8% from 1,101.7 million to Baht 1,529.1 million.

5. The Company's gross profit for 2Q22 was Baht 223.1 million or 12.7% of total sales, which had been decreased from 2Q21 amount of Baht 52.8 million or 19.1% from Aluminium Ingot price increased.

6. Selling and administrative expenses for 2Q22 was Baht 100.2 million, increased of Baht 16 million or 19%, due to the export expenses mainly from huge increase of sea freight cost.

7. Income tax expense for 2Q22 decreased Baht 10.9 million from 2Q21 as a result of decreased profit before tax of Baht 9.1 million.

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Operating Results for six months period ended 30 June 2022

Unit : Million Baht

	6M22	6M21	Change %
Revenue			
Revenue from sales of goods	3,496.8	2,734.6	27.9
Net foreign exchange gain	47.3	46.9	0.9
Other income	108.0	71.5	51.0
Total revenue	3,652.1	2,853.0	28.0
Expenses			
Cost of sales of goods	3,046.6	2,193.5	38.9
Gross profit	450.2	541.1	(16.8)
Gross profit margin	12.9%	19.8%	
Selling expenses	140.1	96.8	44.7
Administrative expenses	66.2	70.3	(5.8)
Net foreign exchange loss	-	-	-
Finance costs	-	-	-
Total expenses	3,252.9	2,360.6	37.8
Profit before income tax expense	399.2	492.4	(18.9)
Tax expense	62.8	96.6	(35.0)
Profit for the period	336.4	395.8	(15.0)
Earnings per share (in Baht)	7.79	9.16	(15.0)

The Company's net profit for 6M22 was Baht 336.4 million representing a decrease of Baht 59.4 million from Baht 395.8 million in 6M21 or significant down by 15%. The main reasons are as follows:

1. The company reported revenue from sales for 6M22 of Baht 3,496.8 million, increased by Baht 762.2 million. In terms of sales by operating segments are as below:

	6M22		6M21		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Can and Tube	1,753.2	50.1	1,544.5	56.5	208.7	13.5
Export sales	1,019.4	29.1	883.0	32.3	136.4	15.4
Domestic sales	733.8	21.0	661.5	24.2	72.3	10.9
Slug	1,743.6	49.9	1,190.1	43.5	553.5	46.5
Export sales	1,743.1	49.9	1,188.3	43.4	554.8	46.7
Domestic sales	0.5	0.0	1.8	0.1	(1.3)	(72.2)
Total sales	3,496.8	100.0	2,734.6	100.0	762.2	27.9

The increasing sales of Baht 762.2 million comprised of Can/Tube sales increased Baht 208.7 million or 13.5% contributed from export sales increased Baht 136.4 million or 15.4%, local increased Baht 72.3 million or 10.9%.

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Slug sales increased Baht 553.5 million or 46.5% due to the increase in sales volume of 479.6 MT or 3.6% mainly increased export to Dubai Australia India and Japan.

2. Net foreign exchange gain for 6M22 was Baht 47.3 million from recognized foreign exchange 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 108 million, increased by Baht 36.5 million, mainly consisting of Aluminium Baled scrap which are scrap from production process sold to other industries for recycled.

4. The increase cost of sales was from Aluminium Ingot price increased and also Sale increased, compared to 6M21 which increase in sales volume of Aluminium Slug 479.6 MT.

In summary, cost of sales for 6M22 increased of Baht 853.1 million or 38.9% from 2,193.5 million to Baht 3,046.6 million.

5. The Company's gross profit for 6M22 was Baht 450.2 million or 12.9% of total sales, which had been decreased from 6M21 amount of Baht 90.9 million or 16.8% from Aluminium Ingot price increased additional with continuously from Energy cost increasing.

6. Selling and administrative expenses for 6M22 was Baht 206.3 million, increased of Baht 39.2 million or 23.5%, due to the export expenses mainly from huge increase of sea freight cost.

7. Income tax expense for 6M22 decreased Baht 33.8 million from 6M21 as a result of decreased profit before tax of Baht 93.2 million.

Financial position

Unit : Million Baht

	30-Jun-22	31-Dec-21	Change	Change
Total current assets	4,477.3	4,255.4	221.9	5.2%
Total non-current assets	2,712.8	2,887.6	(174.8)	-6.1%
Total assets	7,190.1	7,143.0	47.1	0.7%
Total current liabilities	576.4	432.4	144.0	33.3%
Total non-current liabilities	451.8	453.1	(1.3)	-0.3%
Total liabilities	1,028.2	885.5	142.7	16.1%
Total equity	6,161.9	6,257.5	(95.6)	-1.5%
Total liabilities and equity	7,190.1	7,143.0	47.1	0.7%

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Assets

As at 30 June 2022, the company reported total assets of Baht 7,190.1 million, increased of Baht 47.1 million or 0.7% from 31 December 2021 was due to

- Cash and cash equivalents decreased of Baht 366.4 million.
- Trade account receivables increased Baht 151.9 million.
- Inventories increased Baht 430.4 million mainly from increased in Aluminium Ingot.
- Property, plant and equipment net decreased Baht 171 million from increase in depreciation expense of Baht 175.3 million while investment in assets increased Baht 4.3 million.

Liabilities

As at 30 June 2022, total liabilities was Baht 576.4 million, increased from 31 December 2021 Baht 144 million or 33.3% was due to

- Trade accounts payable increased Baht 102 million.
- Other payables increased Baht 78 million.
- Income tax payable decreased Baht 14.3 million.
- Advance received from customer increased Baht 4.1 million.

Equity

As at 30 June 2022, Shareholders' equity was Baht 6,161.9 million, decrease Baht 95.6 million from net profit from 6M22.

Cash flow statements

Unit : Million Baht

	6M22	6M21
Net cash from operating activities	87.4	269.4
Net cash used in investing activities	(21.8)	595.2
Net cash used in financing activities	(432.0)	(431.2)
Net increase in cash and cash equivalents	(366.4)	433.4
Cash and cash equivalents at 1 January	1,185.3	1,125.8
Cash and cash equivalents at 30 June	818.9	1,559.2

-Net cash inflow of Baht 87.4 million from operation, mainly from increased account payable and other payables.

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-Cash for investment activities was Baht 21.8 million, from investment of fixed assets.

-Net cash used for financing activities was Baht 432 million, from dividend payment.

-As a result of the above, the cash and cash equivalent at 30 June 2022 was Baht 818.9 million.

Yours faithfully,
ALUCON Public Company Limited

(Mr. Takaaki Takeuchi)
Managing Director

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