

บริษัท อลูคอน จำกัด (มหาชน)
ALUCON Public Company Limited

500 ซอยศิริคาม ถนนสุขุมวิท ซอย 72
สำโรงเหนือ สมุทรปราการ 10270
โทร. 0-2398-0147
โทรสาร : (662) 398-3455, 0-2398-2524
ตู้ ป.ณ.ก.825
กรุงเทพมหานคร 10501



Office : 500 Soi Sirikam, Sukhumvit Road Soi 72
Samrong Nua, Samudprakarn 10270
Telephone : 0-2398-0147
Telefax : (662) 398-3455, 0-2398-2524
Homepage : www.alucon.th.com
e-mail : alucon@ksc.th.com
Mail : G.P.O. BOX 825
BANGKOK 10501, THAILAND

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

11th August, 2023

Dear Sirs,

Re : Submission of the Interim Financial Statements for the period ended June 30, 2023
and Management Discussion and Analysis for the second quarter 2023 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 2023, the Thai economy is in a recovery direction from increasing in the number of Thai and foreign tourists. As a result, the service sector private consumption and private investment continually improve mainly from agricultural products while exports in the first half of the year contracted by -5.4% (YoY).

Exchange rate

The baht against the US dollar continued to weaken at the end of June. The baht depreciated to 35.59 against the US dollar. The dollar against the baht appreciated by 3 percent from the beginning of 2023 due to the current account deficit and continuous capital outflows.

The baht against the yen tends to strengthen as the Bank of Japan continues its monetary easing policy. It kept the central bank's policy rate at -0.10%, causing the yen to depreciate the highest in 20 years against the US dollar at the end of June. The yen depreciated to 24.61 baht per 100 yen, depreciating 5.7 percent from the beginning of 2023.

Aluminium Price

World Bank projects global inflation and commodity prices in 2023 to be below those of 2022 but higher than of pre-COVID level (2019). Most commodity prices including energy prices have fallen below their pre-Ukraine war levels, but remain higher than their pre-COVID levels.

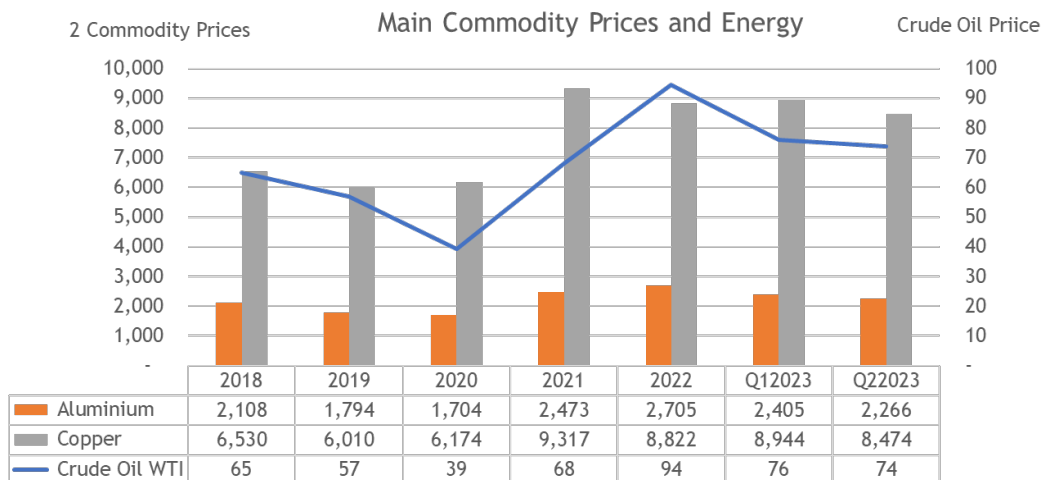
Aluminum prices in the second quarter of 2023 were down 5.8 percent from Q1. The decline was due to concerns over China's slowing economic growth, which is the world's No. 1 producer of aluminum, as well as unresolved geopolitical uncertainties.

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In summary, the company reported total revenues in 2Q23 of Baht 1,552.7 million, decrease 16.9% from Baht 1,868.7 million in 2Q22 and net profit of Baht 158.4 million or decrease 21.7 % from Baht 202.4 million in 2Q22.

Total revenues for 6M23 was Baht 3,223.2 million decrease 11.7% from Baht 3,652.1 million in 6M22 and net profit of Baht 221.3 million, decrease 34.2% from Baht 336.4 million in 6M22.

Operating Results for second quarter of 2023

Unit : Million Baht

	2Q23	2Q22	Change %
Revenue			
Revenue from sales of goods	1,476.1	1,752.2	(15.8)
Net foreign exchange gain	26.1	47.6	(45.2)
Other income	50.5	68.9	(26.7)
Total revenue	1,552.7	1,868.7	(16.9)
Expenses			
Cost of sales of goods	1,305.4	1,529.1	(14.6)
Gross profit	170.7	223.1	(23.5)
Gross profit margin	11.6%	12.7%	
Selling expenses	36.5	66.6	(45.2)
Administrative expenses	32.0	33.6	(4.8)
Net foreign exchange loss	-	-	-
Finance costs	-	-	-
Total expenses	1,373.9	1,629.3	(15.7)
Profit before income tax expense	178.8	239.4	(25.3)
Tax expense	20.4	37.0	(44.9)
Profit for the period	158.4	202.4	(21.7)
Earnings per share (in Baht)	3.67	4.69	(21.7)

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The Company's net profit for 2Q23 was Baht 158.4 million representing a decrease of Baht 44 million from 202.4 million in 2Q22 or 21.7%. The main reasons are as follows:

1. The company reported revenue from sales for 2Q23 of Baht 1,476.1 million Baht, decreased by Baht 276.1 million. In terms of sales by operating segments are as below:

	2Q23		2Q22		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Can and Tube	771.0	52.2	859.7	49.1	(88.7)	(10.3)
Export sales	431.2	29.2	492.1	28.1	(60.9)	(12.4)
Domestic sales	339.8	23.0	367.6	21.0	(27.8)	(7.6)
Slug	705.1	47.8	892.5	50.9	(187.4)	(21.0)
Export sales	703.4	47.7	892.0	50.9	(188.6)	(21.1)
Domestic sales	1.7	0.1	0.5	0.0	1.2	240.0
Total sales	1,476.1	100.0	1,752.2	100.0	(276.1)	(15.8)

The decreasing sales of Baht 276.1 million comprised of Can/Tube sales decreased Baht 88.7 million or 10.3% contributed from export sales decreased Baht 60.9 million or 12.4%, local decreased Baht 27.8 million or 7.6%.

Slug sales decreased Baht 187.4 million or 21% from the decrease in LME prices, while decreased in sales volume of 182.1 MT or 3%

2. Net foreign exchange gain for 2Q23 was Baht 26.1 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\$ and JPY.

3. Other income was Baht 50.5 million baht, decreased by Baht 18.4 million mainly consisting of the quantity of Aluminium Baled scrap which are scrap from production process sold to other industries for recycled and also Selling price which decrease due to LME and interested income 9.7 million baht while last year is 0.9 million baht.

4. The decrease cost of sales was from Aluminium Ingot price decreased, compared to 2Q22 due to lower LME prices, which sales volume decreased from Can&Tube 14% and Aluminium Slug 3% MT.

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In summary, cost of sales for 2Q23 decreased Baht 223.7 million or 14.6% from Baht 1,529.1 million to Baht 1,305.4 million .

5.The Company’s gross profit for 2Q23 was Baht 170.7 million or 11.6% of total sales, which had been decreased from 2Q22 Baht 52.4 million from selling price decreasing in Slug sale and less volume in Can & Tube.

6.Selling and administrative expenses for 2Q23 was Baht 68.5 million, decreased by Baht 31.7 million or 31.6%, due to the export expenses mainly from huge decreasing of sea freight cost and also export Sale.

7.Income tax expense for 2Q23 decreased Baht 16.6 million from 2Q22 as a result of decreased profit before tax Baht 60.6 million.

Operating Results for six months period ended 30 June 2023

Unit : Million Baht

	6M23	6M22	Change %
Revenue			
Revenue from sales of goods	3,124.3	3,496.8	(10.7)
Net foreign exchange gain	1.9	47.3	(96.0)
Other income	97.0	108.0	(10.2)
Total revenue	3,223.2	3,652.1	(11.7)
Expenses			
Cost of sales of goods	2,831.1	3,046.6	(7.1)
Gross profit	293.2	450.2	(34.9)
Gross profit margin	9.4%	12.9%	
Selling expenses	78.1	140.1	(44.3)
Administrative expenses	67.6	66.2	2.1
Net foreign exchange loss	-	-	-
Finance costs	-	-	-
Total expenses	2,976.8	3,252.9	(8.5)
Profit before income tax expense	246.4	399.2	(38.3)
Tax expense	25.1	62.8	(60.0)
Profit for the period	221.3	336.4	(34.2)
Earnings per share (in Baht)	5.12	7.79	(34.2)

The Company’s net profit for 6M23 was Baht 221.3 million representing a decreased of Baht 115.1 million from Baht 336.4 million in 6M22 or significant down by 34.2%. The main reasons are as follows:

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1.The company reported revenue from sales for 6M23 of Baht 3,124.3 million, decreased by Baht 372.5 million. In terms of sales by operating segments are as below:

	6M23		6M22		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Can and Tube	1,624.7	52.0	1,753.2	50.1	(128.5)	(7.3)
Export sales	899.7	28.8	1,019.4	29.1	(119.7)	(11.7)
Domestic sales	725.0	23.2	733.8	21.0	(8.8)	(1.2)
Slug	1,499.6	48.0	1,743.6	49.9	(244.0)	(14.0)
Export sales	1,496.6	47.9	1,743.1	49.9	(246.5)	(14.1)
Domestic sales	3.0	0.1	0.5	0.0	2.5	500.0
Total sales	3,124.3	100.0	3,496.8	100.0	(372.5)	(10.7)

The decreasing sales of Baht 372.5 million comprised of Can/Tube sales decreased Baht 128.5 million or 7.3% contributed from export sales decreased Baht 119.7 million or 11.7%, local decreased Baht 8.8 million or 1.2%.

Slug sales decreased Baht 244 million or 14% due to the decrease in sales volume of 390 MT or 3% mainly decreased export to Australia, UAE and India.

2. Net foreign exchange gain for 6M23 was Baht 1.9 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\$ and JPY.

3.Other income was Baht 97 million, decreased by Baht 11 million, mainly consisting of Aluminium Baled scrap quantity and reduction on selling price and interested income 9.9 million baht while last year is 1.6 million baht

4.The decrease cost of sales was from Aluminium Ingot price decreased and also Sale decreased, compared to 6M22 which decreased in sales volume of Can & Tube 12% and Aluminium Slug 3%.

In summary, cost of sales for 6M23 decreased of Baht 215.5 million or 7.1% from 3,046.6 million to Baht 2,831.1 million.

5.The Company's gross profit for 6M23 was Baht 293.2 million or 9.4% of total sales, which had been decreased from 6M22 amount of Baht 157 million mainly less production volume while continuously Energy cost increasing .

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6. Selling and administrative expenses for 6M23 was Baht 145.7 million, decreased of Baht 60.6 million or 29.4%, mainly from decreased of sea freight cost and less volume on export sale.

7. Income tax expense for 6M23 decreased Baht 37.7 million from 6M22 as a result of decreased profit before tax of Baht 152.8 million with privileged of The Board of Investment of Thailand.

Financial position

Unit : Million Baht

	30-Jun-23	31-Dec-22	Change	Change
Total current assets	4,674.6	4,769.9	(95.3)	-2.0%
Total non-current assets	2,453.7	2,570.1	(116.4)	-4.5%
Total assets	7,128.3	7,340.0	(211.7)	-2.9%
Total current liabilities	389.6	380.6	9.0	2.4%
Total non-current liabilities	451.9	462.0	(10.1)	-2.2%
Total liabilities	841.5	842.6	(1.1)	-0.1%
Total equity	6,286.8	6,497.4	(210.6)	-3.2%
Total liabilities and equity	7,128.3	7,340.0	(211.7)	-2.9%

Assets

As at 30 June 2023, the company reported total assets of Baht 7,128.3 million, decreased of Baht 211.7 million or 2.9% from 31 December 2022 was due to

-Cash & Cash equivalents increase Baht 190 million plus Fixed term deposit Baht 596 million.

-Inventories decreased Baht 842.4 million mainly from reduction in Aluminium Ingot stock.

-Property, plant and equipment net decreased Baht 120 million from increase in depreciation expense of Baht 186.9 million while investment in assets increased only Baht 66.7 million.

Liabilities

As at 30 June 2023, total liabilities was Baht 841.5 million, no significant changed from 31 December 2022 Baht 842.6 million as details below;

-Trade accounts payable increased Baht 11.2 million.

-Advance received from customer increased Baht 2.1 million.

-Other payables- related parties decreased Baht 4.5 million.

-Other payables increased Baht 56.2 million.

-Income tax payable decreased Baht 51.1 million.

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Equity

As at 30 June 2023, Shareholders' equity was Baht 6,286.8 million, decrease Baht 210.6 million from net profit from 6M23 less than Dividend paid on May2023.

Cash flow statements

Unit : Million Baht

	6M23	6M22
Net cash from operating activities	1,276.1	87.4
Net cash used in investing activities	(654.2)	(21.8)
Net cash used in financing activities	(432.0)	(432.0)
Net increase in cash and cash equivalents	189.9	(366.4)
Cash and cash equivalents at 1 January	1,263.1	1,185.3
Cash and cash equivalents at 30 June	1,453.0	818.9

-Net cash inflow of Baht 1,276.1 million from operation, mainly from reduction in inventories.

-Cash for investment activities was Baht 654.2 million, mainly from investment in fixed term deposit baht 596 million and Solar Roof baht 38 million.

-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 2023 was Baht 1,453 million.

Yours faithfully,
ALUCON Public Company Limited

(Mr. Takaaki Takeuchi)
Managing Director

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