

As expected, All companies soft operating performance due to high baseline in Q2'23, soft demand, and logistic normalization.

Revenue

Salee Color Public Company Limited (“COLOR”) achieved sales of 286.44 Million THB in the second quarter of the year 2023, in comparison of 2022 which has Sales of 282.70 Million THB, 2023 has dropped short of the target. This was due to a slowdown in demand for the Masterbatch business due to a decrease in export product production. However, the alternative energy business expanded because of the government’s policy of raising electricity prices. As a result, total revenue remained consistent with the previous year.

Gross profit and margin

Q2'23 gross profit was 58.12 Million THB, which is nearly similar compared to the same period of last year, which was 58.44 Million THB. The company’s gross profit margin for the second quarter of 2023 was 20.29%, which is like the same period of last year’s margin of 20.67%. This is due to costs management in accordance with the goals that have been established.

Operating profit

Q2'23 operating profit recorded at 18.60 Million THB, an increase of 14.60% compared to the same period of last year 2022, This was due to consistent with the Company lessen in performance across all major business groups. The renewable energy business group is compensating for lower sales volume, and compared to the same period of last year, administrative expenses, selling and administrative expenses decreased by 16.23 Million THB.

Stock Information

Share price (15/08/2023)	THB 1.45
No. of shares:	THB 647,861,080
Par value:	THB 1.00
Market Cap.	Million THB 939.40

Business Overview

Salee Colour Public Company Limited was established on 13th of August 2003 the Company’s objective is to operate a business in manufacturing and distributing colored plastic resin and high concentration color or masterbatch, including colored plastic resin and instant additive, compounds, and dry colorants to entrepreneurs of plastics processing products, namely: plastic bags, consumer and cosmetics packages, and other plastic components like furniture or electrical goods, etc.

For more than two decades, the company has steadily increased its production capacity. and establish new businesses with an emphasis on innovation, as well as promote ESG concepts, such as innovations to aid the agricultural sector THE BUBBLES company was formed to operate an alternative energy business, and SUBTERRA company was formed to produce and distribute underground sewer equipment. Power and communication cables are installed underground.

Net profit and margin

Q2'23 net profit was 12.05 Million THB which is equivalent to a 15.63% decrease from the same period of last year, due to the impact of the increase in gross profit and tax expenses. The company’s net profit margin was 4.21%, equivalent to a 0.84% decrease from the same period of last year.

Cash flow and ND/E

Due to tight inventory controls and capital efficiency gains, Q2'23 cash flow from operating activities was positive, as changes in operating assets and liabilities were lower than at the same time last year. The Company's net debt to equity ratio in the second quarter of 2023 was 0.74 times.

Financial Statements Analysis:

Unit: THB mn	Q2/66	Q2/65	YoY	Q4/65	QoQ
Sales	286.44	283.70	0.97%	285.79	0.23%
COGS	(228.31)	(224.25)	1.81%	(246.15)	-7.25%
GP	58.12	58.44	-0.55%	39.64	46.62%
Other income	2.52	3.45	-26.96%	1.70	48.24%
SG&A	(42.04)	(45.66)	-2.02%	(45.50)	-7.60%
EBIT	18.60	16.23	14.60%	(4.16)	547%
Finance cost	(2.77)	(2.01)	37.81%	(2.34)	18.38%
EBT	15.83	14.22	11.32%	(6.51)	343%
Tax	(3.79)	0.05	7,680%	1.25	403.2%
Net income	12.05	14.28	-15.62%	(5.26)	329%
EPS	0.0231	0.0249		0.0096	
GPM	20.29%	20.67%		13.87%	
%SG&A/Sales	14.68%	16.15%		15.92%	
NPM	4.21%	5.03%		-1.84%	

Sales

In the second quarter of 2023, the company reported sales of 286.44 Million THB, a 0.97% increase on the same period of last year. Sales of masterbatch products decreased 17% YoY, whereas sales of renewable energy products increased 1,383% YoY.

- **Masterbatch Business** sales dropped comparing from the same period of last year. This was due to a drop in commodity demand, notably for contract manufacturing products. Exports have been constrained by dwindling demand in international markets.
- **Alternative Business** sales grew over the same period of last year. Due to a desire to minimize energy costs, which are being impacted by rising electricity rates.

Gross profit and gross profit margin (GPM)

Q2'23 gross profit was 58 Million THB, which increase from the same period of last year. GPM at 20.29% vs. 20.67% in Q2'23, mainly from:

- **Masterbatch Business** GMP was 16.95%, a 20.02% decrease when compared to the same period of last year, due to a decline in product demand compared to the same period of last year, which resulted in a decrease in production volume, influencing the cost of production per unit, which rises.
- **Alternative Business** GMP was 18.78%, which is an increase from the same period of last year of -37.03% due to orders signed and executed on nearly 80% of all projects.

Selling and administrative expenses

Q2'23 SG&A expenses decreased by 3.62 Million THB, or 2.02% in the second quarter of 2023 comparing to the same period of last year. from the policy-compliant management of selling and administrative expenses, and the most efficient in terms of overall sales.

Financial position analysis:

As of June 30, 2023, total assets were at 1.38 billion THB, decrease 1.98% from 1.41 billion THB, at the end of the year. This was mostly attributable to lower net inventories because of increased contract manufacturing sales as a result, raw materials for the production of finished goods for sale decreased.

Total liabilities climbed by 1.20% to 590 Million THB at the end of 2022, from 583 million baht, due to an increase in bank overdrafts and short-term loans from financial institutions. as well as lease liabilities. This was compensated in part by a drop in long-term loans from financial institutions and Additional current liabilities.

Total shareholders' equity was 796 million baht, a decrease to 4.22% from 831 million baht at the end of 2022, due to dividend payments to shareholders.

Cash Flow analysis:

In the first half of 2023, net cash provided by operational activities was 82 Million THB in the first half of 2023.

Cash flow before changes in operating assets and liabilities was 57 Million THB positive, owing mostly to a rise in net working capital. However, due to tight inventory management controls and networking capital optimization, free cash flow increased significantly from the second quarter of the year 2023.

Net cash used in investing operations was 28 million THB, decrease from 50 Million THB in the same period of the last year, due to lower investment in buildings and equipment.

In the first half of 2023, the Company recorded net cash used from financing activities of 50 Million THB, an increase of 73 Million THB from the same period of the last year. In the first half of 2023, cash received net of short-term loans of 16 Million THB and cash repayments of long-term loans from financial institutions of 14 Million THB were received.

Cash and cash equivalents increased by a net sum of 5 Million THB in the first half of 2023, resulting in cash and cash equivalents of 21 Million THB at the conclusion of Q2/2023.

Financial ratio highlights:

	Q2/66	Q2/65	Q4/65
Gross Profit Margin (%)	20.29%	20.67%	13.87%
Net Profit Margin (%)	4.21%	5.05%	-1.84%
D/E	0.74	0.80	0.69
current ratio	1.18	1.20	1.29
ROA	0.98%	3.98%	-1.50%
ROE	1.67%	7.04	-2.53%
EPS	0.0231	0.0249	-0.0096

Q2/23 Profitability ratios dropped YoY, with GP at 20.29% (vs. 20.67% in Q1/2022), NPM at 4.21% (vs. 5.05% in Q1/2022), ROA at 0.98% (vs. 3.98% in Q1/2022), ROE at 1.67% (vs. 7.04% in Q1/2022), and EPS at 0.0231 (vs. 0.0249 in Q1/2022). This is due to a reduction in production volume caused by a slowdown in demand for the masterbatch industry at the start of the year. However, the renewable energy industry is rewarded by government regulations that promote clean energy.

The debt-to-equity ratio in the second quarter of 2023 was 0.74 times, a slight decrease from 0.80 times from the same period of last year. And the working capital ratio in the second quarter of 2023 was 1.18 times, a slight decrease from 1.20 times from the same period of last year. The company has liquidity and financial stability within the criteria.

Sustainability

The Company is dedicated to integrating ESG concepts into its business operations. Begin with the policy. Corporate strategy and action that has continuously measured and evaluated the efficiency of each project using the OKR tool, resulting in employee participation. The organization received the SET SUSTAINABILITY AWARDS for two consecutive years 2021-2022 because of continuous development.

Strategy Vision Mission

Business Strategy

- Sales 1,750 MB or Net profit 5.5%
- Manage the problem in the right way to get better results.
- Competency Development
- Sustainable Supply Chain
- Carbon Neutrality

Vision

“Your success is our Challenge”.

Mission

- Be better today than yesterday.
- Overview the situation to create the best solution.
- Learn - Unlearn - Relearn
- Fulfil what's missing.
- Make The world a better place.

Key risk factors

1. Economic downturn as a result, domestic demand for consumer goods is expected to fall. influencing the company's product demand
2. The delay in forming a new government undermines public trust. cause spending to decrease.

The company has analyzed and followed up on a regular basis.