

As expected, All companies soft operating performance due to high baseline in Q3'23, soft demand market, and logistic normalization.

Revenue

Salee Colour Public Company Limited (“COLOR”) achieved sales of 290.33 Million THB in the third quarter of the year 2023, in comparison of 2022 which has Sales of 322.43 Million THB, that has dropped short of the target. This was due to a slowdown in demand for the Masterbatch business due to decrease in export product production. However, the alternative energy business expanded because of the government’s policy of increase electricity rates. As a result, total revenue remained consistent with the previous year.

Gross Profit and Margin

Q3'23 gross profit margin was 63.56 Million THB, which is nearly similar compared to the same period of last year, which was 63.75 Million THB. The company’s gross profit margin in third quarter of 2023 was 21.89%, which was the same period of last year’s margin of 19.77%. This is due to costs management in accordance with the goals that have been established.

Operating profit

Q3'23 operating profit recorded at 23.03 Million THB, an increase of 6.67% compared to the same period of last year 2022, This was due to consistent with the Company lessening our operation 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 and selling decreased by 4.40 Million THB.

Stock Information

Share price (13/11/2023)	THB 1.32
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 the 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 that emphasized in innovation, as well as to 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

Q3'23 net profit was 16.66 Million THB which is equivalent to a 5.45% 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 5.74% in 2023 equivalent to 0.29% increase from the same period of last year.

Cash flow and ND/E

Due to tight inventory controls and capital efficiency gains, Q3'23 cash flow from operating activities has positive, in come as changes in operating assets and liabilities were lower than the same period of last year. The Company's net debt to equity ratio in the third quarter of 2023 was 0.76 times.

Financial Statements Analysis:

Unit: THB mn	Q3/66	Q3/65	YoY	Q2/65	QoQ
Sales	290.33	322.43	-0.96%	286.44	1.36%
COGS	(226.76)	(258.68)	-12.34%	(228.31)	-0.68%
GP	63.56	63.75	-0.30%	58.12	9.36%
Other income	1.89	4.68	-60.26%	2.52	-25.00%
SG&A	(42.43)	(46.83)	-9.40%	(42.04)	0.93%
EBIT	23.03	21.59	6.67%	18.60	23.82%
Finance cost	(3.29)	(2.04)	61.27%	(2.77)	18.77%
EBT	19.74	19.55	0.97%	15.83	24.70%
Tax	(3.08)	(1.98)	55.56%	(3.79)	-18.09%
Net income	16.66	17.57	-5.18%	12.05	38.26%
EPS	0.0239	0.0308		0.0231	
GPM	21.89%	19.77%		20.29%	
%SG&A/Sales	14.61%	14.52%		14.68%	
NPM	5.74%	5.45%		4.21%	

Sales

In the third quarter of 2023, the company reported sales of 290.33 Million THB, which is 0.96% decrease on the same period of last year. Sales of masterbatch products decreased to 21.44% YoY, whereas, sales of renewable energy products increased by 3,198% YoY.

- **Masterbatch Business** sales dropped comparing from the same period of last year. This was due to a drop in commodity demands, 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 the desire to minimize energy costs, which are being impacted by rising electricity rates.

Gross profit and gross profit margin (GPM)

Q3'23 gross profit was 63.56 Million THB, which increase from the same period of last year. GPM at 19.77% vs. 21.89% in Q3'23, mainly from the following:

- **Masterbatch Business** GMP was 25.03%, increased from 21.84% when compared to the same period of last year, due to lower raw material prices in the Resin group this quarter compared to the previous year, resulting in lower product costs Incorporating cost control into the manufacturing process.
- **Alternative Business** GMP was 12.96%, which has an increase from the same period of last year due to orders signed and executed nearly 90% of all projects.

Selling and Administrative Expenses

Q3'23 SG&A expenses decreased by 4.4 Million THB, or 9.40% in the third 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 September 30, 2023, the total assets were at 1.43 billion THB, increase by 0.85% from 1.41 billion THB, at the end of the year. This was mostly attributable to lower the net inventories because of increased contract manufacturing sales As a result, raw materials for the production of finished goods for sale decreased.

Total liabilities increased by 5.57% or 32.47 Million THB, from 583 million baht at the end of 2022, due to an increased in bank overdrafts and short-term loans from financial institutions as well as lease liabilities. This was compensated in part by drop in long-term loans from financial institutions and Additional current liabilities.

Total shareholders' equity was 811 million baht, decrease to 2.41% from 831 million baht at the end of 2022, due to dividend payments to shareholders.

Cash Flow analysis:

In 9M23, net cash provided by operational activities was 114 Million THB, the cash flow before changing in operating assets and liabilities which was 99 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 third quarter of the year 2023.

Net cash used in investing operations was 58 million THB, decrease from 97 Million THB in the same period of the last year, due to lower investment in buildings and equipment.

In 9M23, the Company recorded net cash used from financing activities of 46 Million THB, an increase of 91 Million THB from the same period of the last year, the cash received net of short-term loans of 28 Million THB and cash repayments for long-term loans from financial institutions of 19.5 Million THB were received.

Cash and cash equivalents increased by net sum of 10 Million THB in the 9M23, resulting in cash and cash equivalents of 28 Million THB at the conclusion of Q3/2023.

Financial ratio highlights:

	Q3/66	Q3/65	Q4/65
Gross Profit Margin (%)	21.89%	19.77%	19.00%
Net Profit Margin (%)	5.70%	5.37%	4.74%
D/E	0.76	0.79	0.70
current ratio	1.17	1.26	1.29
ROA	2.22%	4.22%	4.26%
ROE	3.89%	7.58%	7.29%
EPS	0.0239	0.0308	0.1011

Q3/23 Profitability ratios dropped YoY, with GP at 21.89% (vs. 19.77% in Q3/2022), NPM at 5.70% (vs.

5.37% in Q3/2022), ROA at 2.22% (vs. 4.22% in Q3/2022), ROE at 3.89% (vs. 7.58% in Q3/2022), and EPS at 0.0239 (vs. 0.0308 in Q3/2022) This is due to a reduction in production volume caused by a slowdown in demand for the masterbatch industry at the 9M23. However, the renewable energy industry is rewarded by government regulations that promote clean energy.

The debt-to-equity ratio in the third quarter of 2023 was 0.76 times, a slight decrease from 0.79 times from the same period of last year and the working capital ratio in the third quarter of 2023 was 1.17 times, a slight decrease from 1.26 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. We begin with the policy, Corporate strategy and action that has continuously measured and evaluated the efficiency of each project using the OKR tool. This resulting the 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 decreased. Which influenced the company’s product demand.

2. The delay in the introduction of the incoming government’s Budget Act for 2024.

3. The current status of the Israeli–Palestinian conflict is lengthy and spreading. World oil prices may have an impact. The company has analyzed and followed up on a regular basis.