

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

23th February, 2024

Dear Sirs,

Re : Submission of the Audited Financial Statements for the year ended
31 December 2023.
and Management Discussion and Analysis for the year ended 31 December 2023.
To: Directors and Manager
The Stock Exchange of Thailand

Management Discussion and Analysis for the year ended 31 December 2023

Summary

Overall, the Thai economy in 2023 expanded at a decreased rate compared to the previous year. In 2023, the rate of economic expansion of Thailand was 1.8 percent, decreasing from 2022, which expanded at the rate of 2.6 percent.

It is considered the significant economic figure for the "Thai export sector". It was found that for the entire year 2023, Thai exports were negative 1%, resulting in the whole year Thailand having a trade deficit. However, this is a condition consistent with Exports of many countries that are similarly affected by the world economy, such as Taiwan -9.8%, Vietnam -4.8%, South Korea -7.5%, Japan -3.9%, China -4.6%, India -4.7%. For the overall picture in 2023, the baht moves fluctuating within the framework. 32.57-37.24 baht per dollar and the market closed at the end of 2023 at 34.16 baht per dollar, appreciating 1.3% from the end 2022 closing level of 34.61 baht per dollar. The baht strengthened at the beginning of the year. Amid concerns about the US recession and the opportunity to reduce interest rates from the Fed. Since 2022, the Fed has raised interest rates more than 10 times, until interest rates are as high as 5.25-5.50%, which is the highest level in 22 years due to severe inflation in the United States past measures to increase interest rates from the Fed

Due to interest rate on US dollar increase , consequence to increase of demanding for holding US dollars then US dollar has therefore strengthened. This caused the value of the Thai baht to weaken along for Q2-3 and Fed's maintain interest rates during the 4th quarter resulted in the baht's value strengthening compare to 3rd quarter.

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At the same time, the average baht/yen value strengthened by 8.2 percent compared to the Japanese yen. The value of the baht is at 0.2478 baht per yen, compared to the year 2022 average of 0.2672 baht per yen. Overall, due to the depreciation of the exchange rate, the value of exports decreased by approximately 2 percent of sales compared to 2022.

Aluminum ingot prices have begun to weaken in the second quarter since May. And the average price level is not much different from June to December, with the average closing price in the 4th quarter being 2,189 USD/ton, down from the closing of the 4th quarter of 2022 at 2,324 USD/ton, a decrease of 6%. The reason is due to concerned about the global economic slowdown and international conflicts that have not yet been resolved. Apart from this , the realestate crisis in China remains the main factor that reduces global demand for steel and aluminum in the industrial sector.

Because most of the income, more than 70%, comes from export sales. The appreciation of the baht reduces the value of exports. The average value of the baht strengthened against the Japanese yen and the US dollar. As a result, the company will have a foreign exchange loss of 47.7 million baht in 2023.

In summary, in 2023 the company had total income of 6,336.7 million baht, a decrease of 12% from 7,202.4 million baht in 2022, and net profit of 506.5 million baht, a decrease of 23.2% from 659.4 million baht compared to 2022.

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Operating Results for the year 2023

Unit : Million Baht

	2023	2022	Change %
Revenue			
Revenue from sales of goods	6,124.3	6,928.3	(11.6)
Interest income	51.4	3.2	1,506.3
Net foreign exchange gain	-	61.4	(100.0)
Other income	161.0	209.5	(23.2)
Total revenue	6,336.7	7,202.4	(12.0)
Expenses			
Cost of sales of goods	5,425.3	6,014.8	(9.8)
Gross profit	699.0	913.5	(23.5)
Gross profit margin	11.4%	13.2%	
Selling expenses	143.4	254.4	(43.6)
Administrative expenses	125.0	137.2	(8.9)
Net foreign exchange loss	47.7	-	-
Total expenses	5,741.4	6,406.4	(10.4)
Profit before income tax expense	595.3	796.0	(25.2)
Tax expense	88.8	136.6	(35.0)
Profit for the period	506.5	659.4	(23.2)
Earnings per share (in Baht)	11.7	15.3	(23.2)

The Company's net profit for the year 2023 was Baht 506.5 million representing decrease of Baht 152.9 million from Baht 659.4 million in 2022 or decrease by 23.2%. The main reasons are as follows:

1. The company reported revenue from sales for the year 2023 of Baht 6,124.3 million, decreased by Baht 804 million. In terms of sales by operating segments are as below:

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unit :Million Baht

	2023		2022		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Can and Tube	3,076.4	50.2	3,536.1	51.0	(459.7)	(13.0)
Export sales	1,686.9	27.5	2,062.9	29.8	(376.0)	(18.2)
Domestic sales	1,389.5	22.7	1,473.2	21.2	(83.7)	(5.7)
Slug	3,047.9	49.8	3,392.2	49.0	(344.3)	(10.1)
Export sales	3,042.9	49.7	3,388.8	48.9	(345.9)	(10.2)
Domestic sales	5.0	0.1	3.4	0.1	1.6	47.1
Total sales	6,124.3	100.0	6,928.3	100.0	(804.0)	(11.6)

Can & Tube revenue decreased Baht 459.7 million or 13% which from export sale decreased Baht 376 or 18.2% and Domestic sale were also decreased Baht 83.7 million or 5.7%

Slug sales decreased Baht 344.3 million or 10.1% however the sale volume increased 843.4 MT or increased 3.2% while selling price decrease due to LME price. The quantity increase mainly from export to India, Italy, Mexico and Czech Republic.

2. Net foreign exchange loss for the year 2023 was Baht 47.7 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 161 million, decreased of Baht 48.5 million mainly consisting of Aluminium Baled scrap which are scrap from production process sold to other industries for recycled. The decrease was due to average selling price decreased by 17% from LME and other income from interest received Baht 51.4 million.

4. The decrease cost of sales mainly was from the sale volume of Can & tube which decrease 15% compare to year 2022. For Slug selling price decreased follow LME price compared for the year 2022 while material cost came from stock of aluminium ingot in stock since late 2022 However sale slug volume increased 843.4 MT In summary total cost of Sale decreased Baht 589.5 million or decreased 9.8% from Baht 6,014.8 million to Baht 5,425.3 million.

5. The Company's gross profit for the year 2023 was Baht 699 million or 11.4% of total sales, which had been decreased to year 2022 amount of Baht 214.5 million or 23.5% mainly from cost of Raw material (Ingot) consumption in the first quarter/2023 was carried from Stock

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since late 2022 and electricity which is main production overhead cost increase 16% compare to year 2022.

6.Selling and administrative expenses for year 2023 was Baht 268.4 million, decreased of Baht 123.2 million or 31.5%, due to the Sea freight cost was back to normal situation and also export sale volume reduce 19%.

7.Income tax expense for year 2023 decreased Baht 47.8 million from year 2022 as a result of decreased profit before tax of Baht 200.7 million. And CIT privilege from investment under The Board of Investment of Thailand and investment under royal decree 642,690 and 695.

Financial position

	Unit : Million Baht			
	31-Dec-23	31-Dec-22	Change	Change
Total current assets	5,161.6	4,769.9	391.7	8.2%
Total non-current assets	2,268.3	2,570.1	(301.8)	-11.7%
Total assets	7,429.9	7,340.0	89.9	1.2%
Total current liabilities	406.3	380.6	25.7	6.8%
Total non-current liabilities	441.1	462.0	(20.9)	-4.5%
Total liabilities	847.4	842.6	4.8	0.6%
Total equity	6,582.5	6,497.4	85.1	1.3%
Total liabilities and equity	7,429.9	7,340.0	89.9	1.2%

Assets

As at 31 December 2023, the company reported total assets of Baht 7,429.9 million, increased of Baht 89.9 million or 1.2% from 31 December 2022 was due to

-Cash and cash equivalents increased of Baht 1,404.6 million.

-Trade account receivables decreased Baht 76.8 million.

-Inventories decreased Baht 923.8 million mainly from decrease in Aluminium Ingot stock.

-Property, plant and equipment net decreased Baht 260.3 million from increase in depreciation expense of Baht 299.9 million while sale fixed asset 69.2 million and investment in assets increased Baht 108.8 million which mainly in solar roof Baht 48 million.

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Liabilities

As at 31 December 2023, total liabilities was Baht 847.4 million, increased from 31 December 2022 Baht 4.8 million or 0.6% was due to

- Trade accounts payable increased Baht 24.7 million.
- Other payables and other liability decreased Baht 8.3 million.
- Employee benefit obligations increased Baht 6 million.
- Income tax payable decreased Baht 6.8 million.
- Advance received from customer decreased Baht 10.7 million.

Equity

As at 31 December 2023, Shareholders' equity was Baht 6,582.5 million, increased Baht 85.1 million from net profit from the year 2023 of Baht 506.5 million deduct dividend payment to Shareholders Baht 432 million and gain on remeasurements of employee benefit recognized in other comprehensive income amounting go Baht 10.5 million.

Cash flow statements

	Unit : Million Baht	
	31-Dec-23	31-Dec-22
Net cash from operating activities	1,858.1	581.4
Net cash used in investing activities	(1,907.6)	(71.6)
Net cash used in financing activities	(432.0)	(432.0)
Net increase in cash and cash equivalents	(481.5)	77.8
Cash and cash equivalents at 1 January	1,263.1	1,185.3
Cash and cash equivalents at 31 December	781.6	1,263.1

-Net cash inflow of Baht 1,858.1 million from operation, mainly from collection and inventory decreased.

-Cash for investment activities was Baht 1,907.6 million, from investment of fixed deposit period longer than 3 months.

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

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-As a result of the above, the cash and cash equivalent at 31 December 2023 was Baht 781.6 million.

Yours faithfully,
ALUCON Public Company Limited

(Mr. Takaaki Takeuchi)
Managing Director

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