

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

13th May, 2019

Dear Sirs,

Re : Submission of the Interim Financial Statements for the period ended March 31, 2019
and Management Discussion and Analysis for the first quarter 2019 results

To: Directors and Manager
The Stock Exchange of Thailand

Management Discussion and Analysis for the first quarter results

Summary

The first quarter performance was significant improved compared to 1Q18 in term of profit was relatively high due to the increase sales of Aluminium Cans-higher margin product while decreasing sales of Aluminium Slug-lower margin product. According to the low demand from our competitors in India due to climate changed has partly effected to Aluminium Slug sales was decreasing continuously from last year.

Besides, the factors affecting better profit were from the core raw material, Aluminium Ingots price was decreased by 3.2%, in line with prices quoted by LME Market. Moreover, the decrease production cost from improved productivity of Aluminium Cans from increased sales volumes. In addition, the consolidation plan, Samrong and Sriracha is ongoing has helped improved energy efficiency and productivity as expected.

In summary, the company reported total revenues in 1Q19 of Baht 1,512.2 million, down 7.4% from Baht 1,633 million in 1Q18 and net profit of Baht 161.4 million or up 23.9% from Baht 130.3 million in 1Q18.

Operating Results for first quarter of 2019

Unit : Million Baht

	1Q19	1Q18	Change %
Income			
Revenue from sales of goods	1,471.7	1,586.3	(7.2)
Other income	40.5	46.7	(13.3)
Total income	1,512.2	1,633.0	(7.4)
Expenses			
Cost of sales of goods	1,230.7	1,371.7	(10.3)
Gross profit	241.0	214.6	12.3
Gross profit margin	16.4%	13.5%	
Selling expenses	35.7	38.0	(6.1)
Administrative expenses	39.6	43.5	(9.0)
Net foreign exchange loss	3.5	16.6	(78.9)
Finance costs	0.8	0.2	300.0
Total expenses	1,310.3	1,470.0	(10.9)
Profit before income tax expense	201.9	163.0	23.9
Income tax expense	40.5	32.7	23.9
Profit for the period	161.4	130.3	23.9
Earnings per share (in Baht)	3.74	3.02	23.9

The Company's net profit for 1Q19 was Baht 161.4 million representing an increase of Baht 31.1 million from Baht 130.3 million in 1Q18 or significant increased by 23.9%. The main reasons are as follows:

1. The company reported revenue from sales for 1Q19 of Baht 1,471.7 million, decreased by Baht 114.6 million. In terms of sales by operating segments are as below:

	1Q19		1Q18		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Can and Tube	896.2	60.9	882.1	55.6	14.1	1.6
Export sales	460.7	31.3	472.9	29.8	(12.2)	(2.6)
Domestic sales	435.5	29.6	409.2	25.8	26.3	6.4
Slug	575.5	39.1	704.2	44.4	(128.7)	(18.3)
Export sales	571.0	38.8	691.2	43.6	(120.2)	(17.4)
Domestic sales	4.5	0.3	13.0	0.8	(8.5)	(65.4)
Total sales	1,471.7	100.0	1,586.3	100.0	(114.6)	(7.2)

The decreasing sales of Baht 114.6 million comprised of Slug sales was significant decreased Baht 128.7 million or 18.3%. The sales revenue of Slug decreased was due to the decrease in sales volume of 1,380 MT.

Can/Tube sales increased Baht 14.1 million or 1.6% contributed from local sales increased Baht 26.3 million or 6.4%, while export sales decreased Baht 12.2 million or 2.6%.

Other income was Baht 40.5 million, decreased of Baht 6.2 million mainly consisting of Aluminium Baled scrap which are scrap from production process sold to other industries for recycled. The decrease was due to decrease in average selling price by 13% from LME.

2.The decrease cost of sales was mainly from Aluminium Ingots price was decreased by 3.2% compared to 1Q18. Besides, the significant decreased sales of Aluminium Slug for 1,380 MT has resulted to a lot decrease in raw material consumption. In summary, cost of sales for 1Q19 decreased of Baht 141 million or 10.3% from 1,371.7 million to Baht 1,230.7 million.

3.The Company's gross profit for 1Q19 was Baht 241 million or 16.4% of total sales, which had been increased from 1Q18 amount of Baht 26.4 million or 12.3%. The increase of gross profit margin was due to the increased sales of high profit product-cans meanwhile decreased sales of low profit product-slugs and decreased Aluminium Ingots price as said.

4.Selling and administrative expenses for 1Q19 was Baht 75.3 million, decreased of Baht 6.2 million or 7.6%. This was mainly due to freight charges and other expenses decreased.

5.Net foreign exchange loss for 1Q19 was Baht 3.5 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\$.

6.Finance costs for 1Q19 was Baht 0.8 million, increased of Baht 0.6 million from 1Q18 was from increased level of loan and interest rate from related.

7.Income tax expense for 1Q19 increased Baht 7.8 million from 1Q18 as a result of increase profit before tax of Baht 38.9 million.

Financial position

Unit : Million Baht

	31-Mar-19	31-Dec-18	Change	Change
Total current assets	3,345.4	3,182.7	162.7	5.1%
Total non-current assets	3,561.2	3,597.8	(36.6)	-1.0%
Total assets	6,906.6	6,780.5	126.1	1.9%
Total current liabilities	733.0	768.8	(35.8)	-4.7%
Total non-current liabilities	469.1	468.6	0.5	0.1%
Total liabilities	1,202.1	1,237.4	(35.3)	-2.9%
Total equity	5,704.5	5,543.1	161.4	2.9%
Total liabilities and equity	6,906.6	6,780.5	126.1	1.9%

Assets

As at 31 March 2019, the company reported total assets of Baht 6,906.6 million, increased of Baht 126.1 million or 1.9% from 31 December 2018 was due to

- Cash and cash equivalents increased of Baht 603.4 million from operation in 3M19.
- Inventories decreased Baht 389.6 million mainly from decreased stock of Aluminium Ingot.
- Trade account receivables decreased Baht 33.9 million was due to sales decreased.
- Property, plant and equipment net decreased Baht 32.7 million from increase in depreciation expense of Baht 109.3 million while investment in assets increased Baht 76.6 million.

Liabilities

As at 31 March 2019, total liabilities was Baht 1,202.1 million, decreased from 31 December 2018 Baht 35.3 million or 2.9% was due to

- Loan from related party decreased Baht 50 million from repayment.
- Trade accounts payable decreased Baht 36.8 million.
- Other payables increased Baht 25.6 million.
- Income tax payable increased Baht 37 million.

Equity

As at 31 March 2019, Shareholders' equity was Baht 5,704.4 million, increased Baht 161.4 million from net profit for 1Q19 of Baht 161.4 million.

Cash flow statements

Unit : Million Baht

	3M19	3M18
Net cash from operating activities	747.4	255.0
Net cash used in investing activities	(93.7)	(70.7)
Net cash used in financing activities	(50.3)	(58.9)
Net increase in cash and cash equivalents	603.4	125.4
Cash and cash equivalents at 1 January	248.9	201.9
Cash and cash equivalents at 31 March	852.3	327.3

-Net cash inflow of Baht 747.4 million from operation, increased by Baht 492.4 million or 193.1%.

-Cash for investment activities was Baht 93.7 million, increased by Baht 23 million or 32.5% mainly consisted of the purchases of accessories and others equipments.

-Net cash used for financing activities was Baht 50.3 million, decreased by Baht 8.6 million or 14.6% mainly for repayment loan to related.

-As a result of the above, the cash and cash equivalent at 31 March 2019 was Baht 852.3 million.

Yours faithfully,
ALUCON Public Company Limited

(Mr.Takaaki Takeuchi)
Managing Director

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