

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

14th May, 2020

Dear Sirs,

Re : Submission of the Interim Financial Statements for the period ended March 31, 2020
and Management Discussion and Analysis for the first quarter 2020 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 1Q19 in term of profit was relatively high due to the increase export sales of Aluminium Slug. According to high demand of Aluminium Slugs from export competitors and new customer from Dubai. While the US-China trade war and The Corona Virus Epidemic (COVID-19) spreads widely around.

Besides, the factors affecting better profit were from the core raw material, Aluminium Ingots price was decreased by 20%, in line with prices quoted by LME market. In addition, the consolidation plan, Samrong and Sriracha is ongoing has helped improved energy efficiency. The increase production of Aluminium Slug effected from increased sales volumes resulted to decrease cost of production.

As more than 70% of revenue was export sales, Thai Baht depreciation against US dollar end of 1Q20, affecting FX gain 67.8 MB.

In summary, the company reported total revenues in 1Q20 of Baht 1,550.6 million, up 2.5% from Baht 1,512.2 million in 1Q19 and net profit of Baht 270.9 million or up 67.8% from Baht 161.4 million in 1Q19.

Operating Results for first quarter of 2020

Unit : Million Baht

	1Q20	1Q19	Change %
Revenue			
Revenue from sales of goods	1,449.4	1,471.7	(1.5)
Net foreign exchange gain	67.8	-	-
Other income	33.4	40.5	(17.5)
Total revenue	1,550.6	1,512.2	2.5
Expenses			
Cost of sales of goods	1,136.1	1,230.7	(7.7)
Gross profit	313.3	241.0	30.0
Gross profit margin	21.6%	16.4%	
Selling expenses	36.5	35.7	2.2
Administrative expenses	39.3	39.6	(0.8)
Net foreign exchange loss	-	3.5	(100.0)
Finance costs	-	0.8	(100.0)
Total expenses	1,211.9	1,310.3	(7.5)
Profit before income tax expense	338.7	201.9	67.8
Tax expense	67.8	40.5	67.4
Profit for the period	270.9	161.4	67.8
Earnings per share (in Baht)	6.27	3.74	67.8

The Company's net profit for 1Q20 was Baht 270.9 million representing an increase of Baht 109.5 million from Baht 161.4 million in 1Q19 or significant up by 67.8%. The main reasons are as follows:

1. The company reported revenue from sales for 1Q20 of Baht 1,449.4 million, decreased by Baht 22.3 million. In terms of sales by operating segments are as below:

	1Q20		1Q19		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Can and Tube	847.4	58.5	896.2	60.9	(48.8)	(5.4)
Export sales	444.8	30.7	460.7	31.3	(15.9)	(3.5)
Domestic sales	402.6	27.8	435.5	29.6	(32.9)	(7.6)
Slug	602.0	41.5	575.5	39.1	26.5	4.6
Export sales	600.5	41.4	571.0	38.8	29.5	5.2
Domestic sales	1.5	0.1	4.5	0.3	(3.0)	(66.7)
Total sales	1,449.4	100.0	1,471.7	100.0	(22.3)	(1.5)

The decreasing sales of Baht 22.3 million comprised of Can/Tube sales decreased Baht 48.8 million or 5.4% contributed from export sales decreased Baht 15.9 million or 3.5%, local decreased Baht 32.9 million or 7.6%.

Slug sales increased Baht 26.5 million or 4.6% due to the increase in sales volume of 909 MT or 14.4% mainly increased export to Dubai, India, America, Mexico and decreased export to Japan, Australia.

2. Net foreign exchange gain for 1Q20 was Baht 67.8 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\$.

3. Other income was Baht 33.4 million, decreased by Baht 7.1 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.

4. The decrease cost of sales was from Aluminium Ingots price was decreased by 20% compared to 1Q19 and increase in sales volume of Aluminium Slug 909 MT.

In summary, cost of sales for 1Q20 decreased of Baht 94.6 million or 7.7% from 1,230.7 million to Baht 1,136.1 million.

5. The Company's gross profit for 1Q20 was Baht 313.3 million or 21.6% of total sales, which had been increased from 1Q19 amount of Baht 72.3 million or 30% from Aluminium Ingots price was decreased

6. Selling and administrative expenses for 1Q20 was Baht 75.8 million, increased of Baht 0.5 million or 0.7%, due to the export expenses mainly from decreased sea freight to customers

7. Income tax expense for 1Q20 increased Baht 27.3 million from 1Q19 as a result of increased profit before tax of Baht 136.8 million.

Financial position

Unit : Million Baht

	31-Mar-20	31-Dec-19	Change	Change
Total current assets	3,584.3	3,176.2	408.1	12.8%
Total non-current assets	3,350.0	3,434.4	(84.4)	-2.5%
Total assets	6,934.3	6,610.6	323.7	4.9%
Total current liabilities	564.3	451.4	112.9	25.0%
Total non-current liabilities	494.0	554.1	(60.1)	-10.8%
Total liabilities	1,058.3	1,005.5	52.8	5.3%
Total equity	5,876.0	5,605.1	270.9	4.8%
Total liabilities and equity	6,934.3	6,610.6	323.7	4.9%

Assets

As at 31 March 2020, the company reported total assets of Baht 6,934.4 million, increased of Baht 323.7 million or 4.9% from 31 December 2019 was due to

-Cash and cash equivalents increased of Baht 408.4 million.

-Trade account receivables increased Baht 150.6 million was from sales slugs increased.

-Inventories decreased Baht 126.7 million mainly from decreased in raw materials, Aluminium Ingots.

-Property, plant and equipment net decreased Baht 71.6 million from increase in depreciation expense of Baht 107.6 million while investment in assets increased Baht 36 million.

Liabilities

As at 31 March 2020, total liabilities was Baht 1,058.3 million, increased from 31 December 2019 Baht 52.8 million or 5.3% was due to

- Trade accounts payable increased Baht 13.4 million.
- Other payables increased Baht 25.9 million.
- Income tax payable increased Baht 55.2 million.
- Advance received from customer increased Baht 20.2 million.
- Employee benefit obligations decreased Baht 60 million mainly from the employee 91 persons who volunteer resigned according to the project.

Equity

As at 31 March 2020, Shareholders' equity was Baht 5,876 million, increased Baht 270.9 million from net profit for 1Q20 of Baht 270.9 million.

Cash flow statements

	Unit : Million Baht	
	3M20	3M19
Net cash from operating activities	454.9	747.4
Net cash used in investing activities	(47.0)	(93.7)
Net cash used in financing activities	0.5	(50.3)
Net increase in cash and cash equivalents	408.4	603.4
Cash and cash equivalents at 1 January	883.9	248.9
Cash and cash equivalents at 31 March	1,292.3	852.3

-Net cash inflow of Baht 454.9 million from operation, decreased by Baht 292.5 million or 39.1% mainly from increased account receivable.

-Cash for investment activities was Baht 47 million, decreased by Baht 46.7 million or 49.8%

-Net cash used for financing activities was Baht 0.5 million, decreased by Baht 50.8 million or 101% mainly for bank overdraft.

-As a result of the above, the cash and cash equivalent at 31 March 2020 was Baht 1,292.3 million.

Yours faithfully,
ALUCON Public Company Limited

(Mr. Takaaki Takeuchi)
Managing Director

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