



Selic Corp Public Company Limited

Management Discussion & Analysis Q2/2024

Executive Summary

In Q2/2024, Selic was able to expand in revenue, gross profit, and net profit through healthcare and sticker business. Meanwhile, its industrial adhesives business managed to maintain a stable level of revenue.

Selic continues to face challenges in exporting self-adhesive stickers and labels due to a slowdown in demand in international markets, which are experiencing an economic recession and have not yet fully recovered. Additionally, rising shipping costs and limited supply make exporting both adhesives and self-adhesive business even more challenging for international markets.

As domestic market demand still remains at a suitable level, causing Selic's sales proportion to shift more towards the domestic market. At the same time, Selic has implemented plans to expand into a more diverse range of countries to prepare for growth after the economic recession. This is an adjustment of the business model in response to the appropriate situation.

The fact that Selic has a diversified business group that covers both B2B and B2C including the reasonable proportion of both domestic and foreign customers, this enables appropriate adaptation in business operations under uncertain economic conditions.

Sales growth through the growth of Healthcare business

Selic showed growth from the healthcare business and the self-adhesive business, as the international market for self-adhesive business had partially recovered.

Jump gross profit as a result of diversified business model that drive to sustainability

Selic has been able to significantly increase its gross profit, driven by the healthcare business and the self-adhesive business. The healthcare business boosted a high gross profit margin, while the self-adhesive business and adhesives business have improved gross profit margins from last year.

EBITDA and net profit

Selic was able to increase EBITDA and net profit in the 2nd quarter of 2024 which it is a result of good performance of healthcare business and the self-adhesive business.

Q2/2024 Financial Summary

- Total revenue was at 507.27 million baht, decreased 9.7% from Q1/2024 but increased 11.2% from the same period last year, mainly from revenue increment of both Healthcare business and self-adhesive business.
- Gross profit was at 150.11 million baht, decreased 14.6% from Q1/2024 but increased 21.1% from the same period last year. Gross profit margin also increased to 29.70% from 27.2% YOY due to higher sales proportion of healthcare business with high gross profit margin.
- EBITDA was at 85.26 million baht, decreased 26.9% from previous quarter but increased 48.2% from the same period last year.
- Net profit was 30.35 million baht, decreased 29.2% from Q1/2024 but increased 155.2% from the same period last year.



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6M/2024 Financial Summary

- Total revenue was at 1,068.37 million baht, improved 17.3% compared to the same period last year. The growth came mainly from healthcare business's performance.
- Gross profit was at 325.80 million baht, improved 43.9% compared to the same period last year with gross profit margin increased to 30.6% from high gross profit margin of Health care business and the improvement of self-adhesive business's gross profit margin.
- EBITDA was at 201.82 million baht, a growth of 100.9% and net profit of 73.24 million baht, an increase of 279.0% compared to the same period last year.

Consolidated Financial Statement Q2/2024

Unit: Million Baht	Quarter					6 Months		
Consolidated Financial Statement	Q2/2024	Q1/2024	Q2/2023	% QoQ	% YoY	6M 2024	6M 2023	% YoY
Sales of goods and services	505.38	560.64	455.73	(9.9%)	10.9%	1,066.02	907.42	17.5%
Gain on exchange rate	0.55	0.00	0.00	--	--	0.00	0.00	--
Other income	1.33	1.02	0.45	31.4%	197.3%	2.35	3.47	(32.4%)
Total Revenue	507.27	561.65	456.18	(9.7%)	11.2%	1,068.37	910.89	17.3%
Cost of sales	355.28	384.94	331.76	(7.7%)	7.1%	740.22	680.99	8.7%
Gross Profit (excluding others)	150.11	175.70	123.97	(14.6%)	21.1%	325.80	226.43	43.9%
Loss on exchange rate	0.00	1.09	2.75	(100.0%)	(100.0%)	0.54	3.11	(82.7%)
Selling expenses	39.35	29.70	28.27	32.5%	39.2%	69.06	55.27	24.9%
Administrative expenses	47.90	49.90	55.19	(4.0%)	(13.2%)	97.80	109.08	(10.3%)
Share of profit (loss) of JV	0.01	(0.01)	(0.25)	(161.6%)	(103.0%)	(0.00)	(0.27)	(98.3%)
EBITDA	85.26	116.57	57.52	(26.9%)	48.2%	201.82	100.48	100.9%
Depreciation	20.52	20.55	19.56	(0.1%)	4.9%	41.07	38.31	7.2%
EBIT	64.74	96.02	37.96	(32.6%)	70.6%	160.75	62.17	158.6%
Financial cost	11.34	11.47	11.14	(1.1%)	1.8%	22.81	22.05	3.4%
EBT	53.40	84.55	26.82	(36.8%)	99.1%	137.95	40.12	243.8%
Income tax	10.85	16.88	4.42	(35.7%)	145.5%	27.73	7.52	268.9%
Net Profit	42.55	67.67	22.40	(37.1%)	89.9%	110.21	32.60	238.1%
Net Profit Attribution to owner	30.35	42.89	11.89	(29.2%)	155.2%	73.24	19.32	279.0%

Financial Performance

Revenue

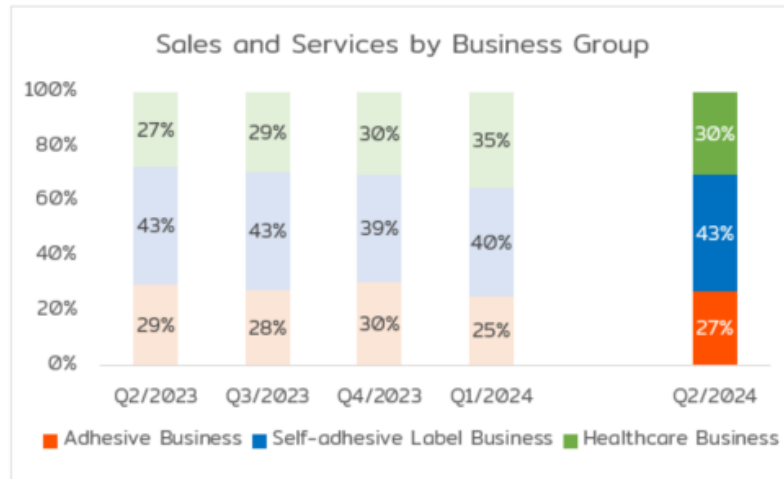
Revenue from sales and services of Q2/2024 was at 505.38 million baht, a decrease of 9.9% from previous quarter but an increase of 10.9% from the same period last year, due to the increment of revenue from healthcare and self-adhesive business.

For the 6M/2024, Revenue from sales and services was at 1,066.02 million baht. An improvement of 17.5% from the performance of both healthcare business and self-adhesive business.

Sales & services revenue structure

Selic's sales and services is generated by three businesses including adhesive, self-adhesive label, and healthcare which sell to both domestic and overseas market.

Proportion of sales and services by business is at 27% adhesive, 43% self-adhesive label, and 30% healthcare as of Q2/2024

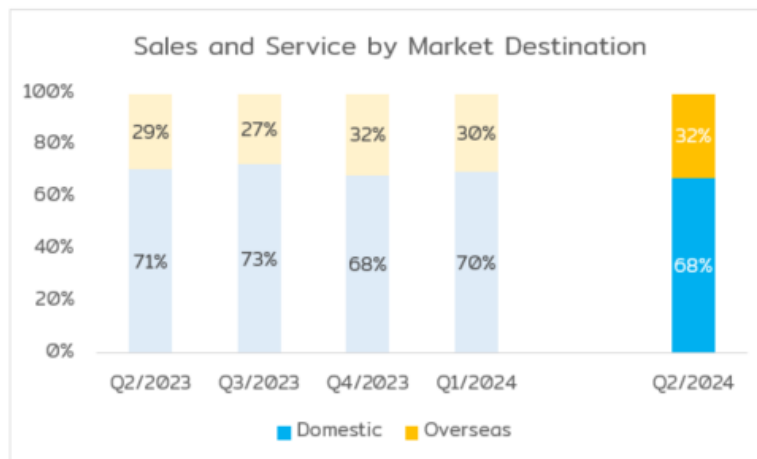


Remark: Intercompany transaction elimination

Sales and services by destination has proportion of 68% domestic and 32% export market as of Q2/2024.

Unit: Million Baht	Quarter					6 Months		
Sales & Services by Market Destination	Q2/2024	Q1/2024	Q4/2023	% QoQ	% YoY	6M 2024	6M 2023	% YoY
Domestic	341.68	390.74	322.64	(12.6%)	5.9%	732.42	627.58	16.7%
Overseas	163.70	169.90	133.09	(3.6%)	23.0%	333.60	279.84	19.2%
Total	505.38	560.64	455.73	(9.9%)	10.9%	1,066.02	907.42	17.5%

Remark: Intercompany transaction elimination



Remark: Intercompany transaction elimination

Cost of goods sold and Gross Profit

Cost of sales in Q2/2024 was at 355.28 million baht, a decrease of 7.7% from previous quarter but increased 7.1% compare to the same period last year while gross profit was at 150.11 million baht, a decrease of 14.6% from previous quarter but increased 21.1% from the same period last year as a result of the improvement of both revenue and gross profit margin from healthcare and self-adhesive business.

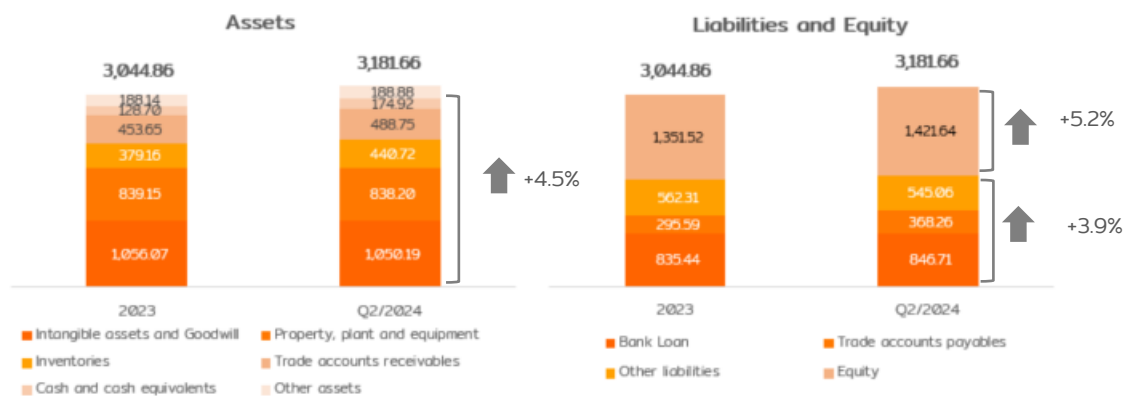


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Operational expenditure in Q2/2024 was at 87.26 million baht, an increase of 9.6% from previous quarter and an increase of 4.5% from the same period last year. The operational expenditure consisted of selling expenses 39.35 million baht and administrative expense 47.9 million baht. The operational expense to sales ratio slightly increased from previous quarter due to the increase of marketing expense of healthcare business.

EBITDA was at 85.26 million baht, decreased 26.9% from previous quarter but increased 48.2% from the same period last year. Net profit of Q2/2024 was 30.35 million baht, decreased 29.2% from previous quarter but increased 155.2% from the same period last year.

Unit: million baht



Total assets as of Q2/2024 was 3,181.66 million baht, an increase of 4.5% from 2023 which was mainly from an increase in cash, trade account receivables and inventory of healthcare and self-adhesive business.

Total liabilities as of Q2/2024 was 1,760.03 million baht, an increase of 3.9% from 2023 mainly due to the increment from trade account payables and bank loan.

Shareholders' equity as of Q2/2024 was 1,421.64 million baht, an increase of 5.2% from 2023.

Adhesive Business

Adhesive business recorded total sales and service in Q2/2023 at 137.14 million baht, decreased 2.9% from the previous quarter but increased 2.6% from the same period last year.



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Adhesive business: Sales and services revenue by product group

Unit: Million Baht	Quarter					6 Months		
Sales and Services by Product Group	Q2/2024	Q1/2024	Q2/2023	%QoQ	%YoY	6M 2024	6M 2023	% YoY
Solvent	57.43	55.86	72.78	2.8%	(21.1%)	113.30	151.45	(25.2%)
Hot Melt	61.37	69.04	43.97	(11.1%)	39.6%	130.41	101.75	28.2%
Water based	15.96	14.66	14.19	8.9%	12.4%	30.62	33.69	(9.1%)
Others	2.38	1.69	2.89	40.6%	(17.7%)	4.07	6.70	(39.2%)
Total Sales and Services	137.14	141.25	133.83	(2.9%)	2.5%	278.39	293.59	(5.2%)

Remark: Intercompany transaction elimination

Solvent Product: sales was 57.43 million baht, increased 2.8% from previous quarter but decreased 21.1% from the same period last year South Asia and Africa demand remain uncertainty while no growth in domestic demand as a result of economy recession.

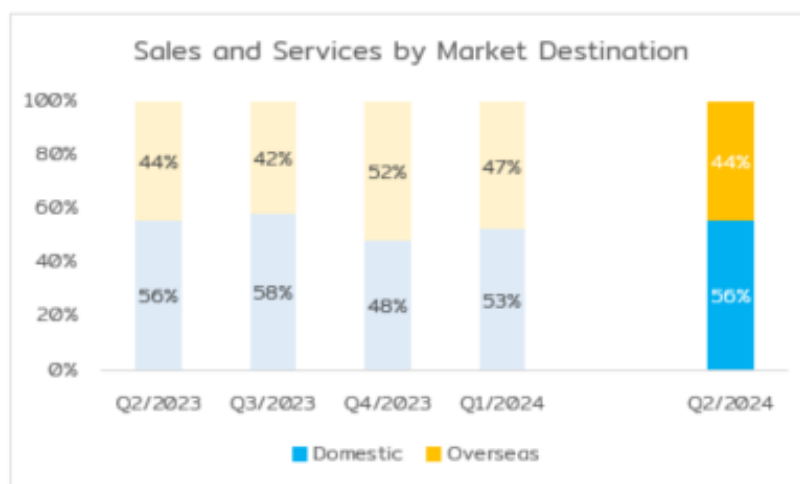
Hot Melt Product: sales was 61.37 million baht, decreased 11.1% from previous quarter but increased 39.6% from the same period last year due to slow down order from export market.

Water Based Product: sales was 15.96 million baht, increased 8.9% from previous quarter and increased 12.4% from the same period last year.

Adhesive business: Sales and services revenue by market destination

Unit: Million Baht	Quarter					6 Months		
Sales and Services by Market Destination	Q2/2024	Q1/2024	Q2/2023	% QoQ	% YoY	6M 2024	6M 2023	% YoY
Domestic	76.60	74.74	75.02	2.5%	2.1%	151.34	165.93	(8.8%)
Overseas	60.54	66.52	58.81	(9.0%)	2.9%	127.05	127.66	(0.5%)
Total Sales and Services	137.14	141.25	133.83	(2.9%)	2.5%	278.39	293.59	(5.2%)

Remark: Intercompany transaction elimination



Remark: Intercompany transaction elimination

Domestic Market: sales was 76.60 million baht, increased 2.5% from previous quarter and increased 2.1% from the same period last year due to sales increase from Hotmelt and Water Based products.

Oversea Market: sales was 60.54 million baht, decreased 9.0% from previous quarter but increased 2.9% from the same period last year due to the slowdown from Hotmelt product

Breaking down by market for adhesive as of Q2/2024, domestic sales was 56% whereas overseas sales was 44%.



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Adhesive business had gross profit in Q2/2024 at 37.16 million baht, increased 1.6% from previous quarter and 17.8% from the same period last year. Gross profit margin was at 27.1%, increased from previous quarter and the same period last year. EBITDA was at 17.85 million baht, decreased 2.1% from previous quarter but increased 53% from the same period last year. Net Profit was 9.01 million baht, decreased 2.4% from previous quarter and increased 117.7% from the same period last year. Total net profit for 1H/2024 was at 18.23 million baht, an improvement from last year of 76.9%.

Unit: Million Baht	Q2/2024					6 Months		
	Q2/2024	Q1/2024	Q2/2023	% QoQ	% YoY	6M 2024	6M 2023	% YoY
Revenue from goods and services	137.14	141.25	133.83	(2.9%)	2.5%	278.39	293.59	(5.2%)
Cost of Sales	99.98	104.67	102.29	(4.5%)	(2.3%)	204.65	223.83	(8.6%)
Gross Profit (excluding others)	37.16	36.58	31.54	1.6%	17.8%	73.74	69.77	5.7%
Gross Profit %	27.1%	25.9%	23.6%	4.6%	15.0%	26.5%	23.8%	11.5%
EBITDA	17.85	18.24	11.67	(2.1%)	53.0%	36.09	25.95	39.1%
Net Profit	9.01	9.23	4.14	(2.4%)	117.7%	18.23	10.31	76.9%

Remark: Intercompany transaction elimination

Self-adhesive Label Business

Self-adhesive label business recorded total sales and service in Q2/2024 at 211.92 million baht, decreased 3.8% from previous quarter but increased 8.6% from the same period last year. เนื่องจากตลาดต่างประเทศบางส่วนฟื้นตัว

Self-adhesive label business: sales revenue by product groups

Unit: Million Baht	Quarter					6 Months		
	Q2/2024	Q1/2024	Q2/2023	% QoQ	% YoY	6M 2024	6M 2023	% YoY
Sales and Services by Product Group								
Paper	125.03	140.61	123.28	(11.1%)	1.4%	265.65	274.13	(3.1%)
Film	60.69	51.81	50.00	17.2%	21.4%	112.50	98.05	14.7%
Others	0.91	0.42	1.68	117.6%	(45.6%)	1.33	2.21	(39.6%)
Specialty	25.28	27.40	20.24	(7.7%)	24.9%	52.68	46.22	14.0%
Total Sales	211.92	220.24	195.19	(3.8%)	8.6%	432.15	420.60	2.7%

Remark: Intercompany transaction elimination

Paper Label: sales was 125.03 million baht, decreased 11.1% from previous quarter but increased 1.4% from the same period last year. It is the product category that the self-adhesive would like to maintain the proportion as this product category has less margin than other category.

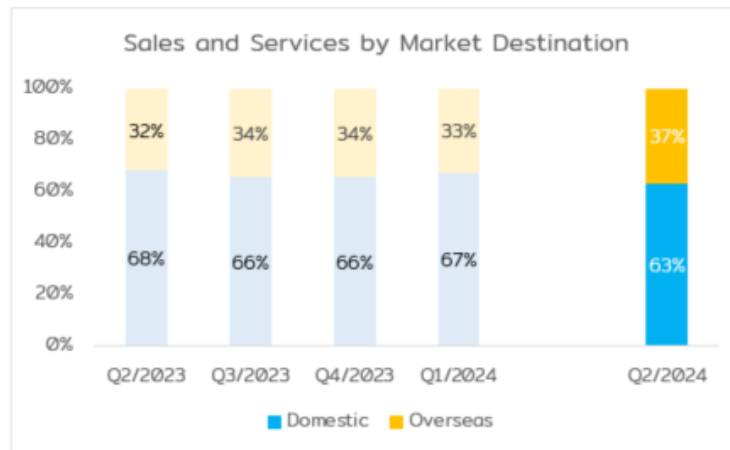
Film Label: sales was 60.69 million baht, increased 17.2% from previous quarter and increased 21.4% from the same period last year due to the increase in domestic demand while the oversea demand slightly decreased.

Specialty Label: sales at 25.28 million baht, decreased 7.7% from previous quarter but increased 24.9% from the same period last year, this is due to this product category has acceptable margin and the business would like to focus in this area.

Self-adhesive label business: sales revenue by market destination

Unit: Million Baht	Quarter					6 Months		
	Q2/2024	Q1/2024	Q2/2023	% QoQ	% YoY	6M 2024	6M 2023	% YoY
Sales and Services by Market Destination								
Domestic	133.39	147.99	132.97	(9.9%)	0.3%	281.38	282.83	(0.5%)
Overseas	78.53	72.24	62.22	8.7%	26.2%	150.78	137.76	9.4%
Total Sales	211.92	220.24	195.19	(3.8%)	8.6%	432.15	420.60	2.7%

Remark: Intercompany transaction elimination



Remark: Intercompany transaction elimination

Domestic Market: sales was 133.39 million baht, decreased 9.9% from previous quarter but remain when compare to the same period last year as sales increased 0.3%.

Oversea Market: sales was 78.53 million baht, increased 8.7% from previous quarter and increased 26.2% when compare to the same period last year.

Breaking down by market for self-adhesive label as of Q2/2024, domestic sales was 63% whereas overseas sales was 37%

Healthcare Business

Healthcare business recorded total sales and service in Q2/2024 at 153.32 million baht, decreased 22.4% from previous quarter but increased 22.8% from the same period last year, as a result of marketing activities of pain relief product, increased export sales to CLMV, and launching a new product under first aids dressing group.

Healthcare business: sales revenue by product groups

Unit: Million Baht	Quarter					6 Months		
Sales and Services by Product Group	Q2/2024	Q1/2024	Q2/2023	% QoQ	% YoY	6M 2024	6M 2023	% YoY
Pain Relief	114.64	160.77	103.88	(28.7%)	10.4%	275.41	166.83	65.1%
First Aids Dressing	38.68	36.87	21.00	4.9%	84.2%	75.55	24.53	208.0%
Total Sales	153.32	197.64	124.88	(22.4%)	22.8%	350.97	191.36	83.4%

Remark: Intercompany transaction elimination

Pain Relief: sales was 114.64 million baht, decreased 28.7% from previous quarter but increased 10.4% from the same period last year due to hard marketing activities and increase sales to CLMV in Q1/2024.

First Aids Dressing : sales was 38.68 million baht, increased 4.9% from previous quarter and increased 84.2% from the same period last year.

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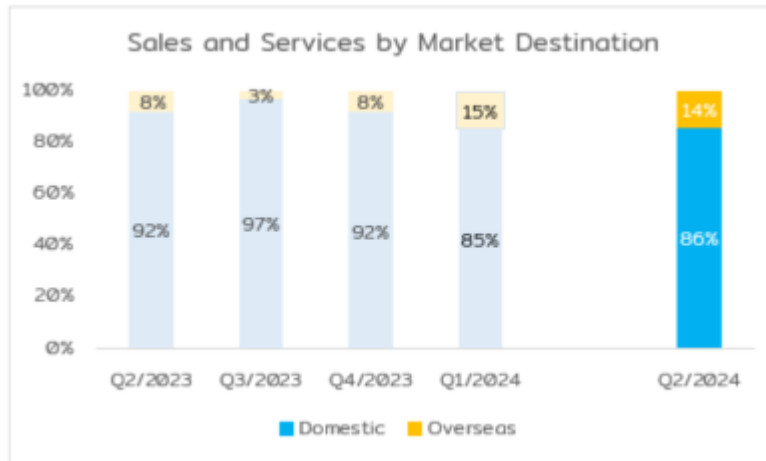
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Healthcare business: sales revenue by market destination

Unit: Million Baht	Quarter					6 Months		
Sales and Services by Market Destination	Q2/2024	Q1/2024	Q2/2023	% QoQ	% YoY	6M 2024	6M 2023	% YoY
Domestic	131.69	168.01	114.77	(21.6%)	14.7%	299.71	179.17	67.3%
Overseas	21.63	29.63	10.11	(27.0%)	114.0%	51.26	12.19	320.6%
Total Sales	153.32	197.64	124.88	(22.4%)	22.8%	350.97	191.36	83.4%

Remark: Intercompany transaction elimination



Domestic Market: sales was 131.69 million baht, decreased 21.6% from previous quarter and increased 14.7% from the same period last year due to marketing activities of pain relief products and launching a new product under first aids dressing group in Q1/2024.

Oversea Market: sales was 21.63 million baht, decreased 27.0% from previous quarter but increased 22.8% from the same period last year due to sales improvement in pain relief group from CLMV countries.

2024 Business Outlook

Ministry of Finance cut down 2024 GDP forecast from 2.8% to 2.4% due to export may recover less than expected. Selic received a positive sign on export in Q4/2023 then expect that export sales of adhesive and sticker business shall gradually recover in 2024. Meanwhile, healthcare business strategy to gain more market share of targeted customer segment from both domestic and oversea market.

Continuous Growth on Revenue

Selic focus on revenue growth from all business group. Adhesive and sticker business aim to expand market shares into growth industry sectors and also expand to countries still have good economic growth with high purchasing power while healthcare will continue launching new products and expanding sales channels to cover and reach the customers both in domestic and oversea market



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Cost and Expenditure Management for better GP and Net Profit

Selic intend to continue improve on cost management for better result through efficient of supply chain process and proper risk management to manage uncontrolled fluctuating factors such as oil price or exchange rate.

Investment strategy for growth opportunity

One of our strategy is to search for opportunity in investment such as joint venture, M&A to drive inorganic growth. However prior to any investment project, there are certain protocol and assessment to ensure the projects will bring or be the growth mechanism for the business and shareholders. Target business could be in the same value chain of both business segment of the company, including healthcare and technology.

Sustainability Development Journey

Selic will continuously our journey on sustainability policies and strategies. This will include new product development on more "green" products to support our customers by offering sustainable materials in their supply chain. Moreover, we will continue to collaborate with external organizations for projects relating to ESG. As a result of sustainability performance, Selic was selected through the SET ESG Rating of Sustainable Stock which demonstrating our commitment for continuous sustainability.

Contact us:

<http://seliccorp.com/investor-contact.php> or email: investorrelation@seliccorp.com

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