



Executive Summary

Selic has managed to break its own record in years with a strong annual revenue with an all-time high net profit from year 2019, against slowing growing economy and fierce competition in the market.

- Total consolidated revenue in 2019 is THB 1,397.79 m, 133.1% increase from 2018.
- Total sales revenue stands at THB 1,388.90 m, +133.4% YOY
 - Sales revenue from adhesive business at THB 723.73 m, +20.7% YOY
 - Sales revenue from self-adhesive label business at THB 812.84 m, +2.2% YOY
- Gross profit at THB 339.76 m, 122.1% increase from 2018
- EBITDA was at Baht 195.16 million, an increase of 1,583.6% YoY
- Net profit at THB 85.81 m, as opposed to the loss of THB 10.93 m in 2018

Unit : Million Baht	2019	2018	%YoY
Total revenue	1,397.79	599.77	133.1%
Total sales revenue	1,388.90	595.15	133.4%
Gross profit	339.76	137.61	146.9%
EBITDA	195.16	11.59	1,583.6%
Net profit	85.81	-10.93	---

Significant Events and Developments

- 1) From January 2019, the company's strategy to grow through M&A successfully took place by acquiring PMC Label Materials Company Limited (PMCT) in Thailand and PMC Label Material Pte. Ltd. (PMCS) in Singapore, the manufacturer and distributor of self-adhesive and label products. This has resulted in structural changes for the company to include PMCT and PMCS as SELIC' subsidiaries. Therefore, the two main business operations generate Selic's income:

Adhesive Business

Operated by Selic Corp Public Company Limited. A manufacturer and distributor of industrial adhesive products, namely solvent based, hotmelt and water based, for domestic and international markets.

Self-Adhesive Label Business

Operated by PMC Label Materials Company Limited in Thailand and PMC Label Material Pte. Limited (Singapore). A manufacturer and distributor of stickers and label products for industrial uses domestically and internationally.

- 2) The adhesive side of business has seen significantly strong development in terms of revenue and profit
- 3) The success in deploying ERP (Enterprise Resource Planning) system at PMC Label Material Pte. Ltd in Singapore, which allowed for standardized accounting and internal control practice for the whole group.



FY2019 Operational Summary

The financial results from 2019 has proven that Selic's excellent performance has earned the company its strong annual revenue with an all-time high net profit, with a total consolidated revenue of THB 1,397.79 m, a 133.1% increase from 2018 and net profit at THB 85.81 m. This shows Selic's strong ability to improve its profit margin in several ways including better management of costs of raw materials and packaging, and tight control over the company's expenditures, with reported EBITDA at THB 195.16 m.

Consolidated FS2019

Unit : Million Baht	2019	2018	YoY (%)
Total revenue	1,397.79	599.77	133.1%
Sales revenue	1,388.90	595.15	133.4%
Other income	8.89	4.62	92.4%
Cost of goods sold	1,049.14	457.54	129.3%
Gross profit	339.76	137.61	146.9%
Selling expenses	35.34	14.17	149.3%
Administrative expenses	167.85	139.45	20.4%
EBITDA	195.16	11.59	1583.6%
EBIT	145.46	-11.39	---
Financial cost	41.48	0.27	15113.3%
Tax	18.17	-0.74	---
Net profit	85.81	-10.93	---

Revenue

The overall revenue in 2019 is reported at THB 1,388.90 m (113.4% increase from THB 595.15 in 2018). The acquisition of PMC Label Materials Company Limited in Thailand and PMC Label Material Pte Limited in Singapore plays a large part in this growth. But credit should also be given to constant growth of sales from both segments, especially the adhesive business.

Revenue Structure

Revenue Structure for the group by business segments in this quarter consisted of 44.2% of the revenue from sales of adhesives and 55.8% from sales of self-adhesive labels.

Revenue ratio after removing relating party transaction





Adhesive Segment

Revenue from the adhesives business includes of revenues from domestic and international markets. The adhesive segment generated THB 684.21m in 2019, an increase of THB 89.07 m or 15% growth from 2018. This increased of sales revenue for this segment are mainly from sales of water based and hotmelt products. On the other hand, sales revenue from solvent based products is still declining due to the falling customers' demands in the markets.

Sales revenue of this segment is higher in both domestic and international markets when compared to previous year (YoY). Domestic sales at THB 424.34 million, an increase of 19.25% YoY. The international sales revenue stands at THB 259.87 m, an increase of 8.6% YoY, thanks to strong export activities to Australia, Africa, Central America and Asia.

Unit : Million Baht	2019	2018	YoY (%)
Solvent based	300	313.16	(4.2%)
Hot Melt	243.73	217.20	12%
Water based	130.62	50.26	160%
Other products	9.87	14.52	(32%)
Total sales	684.21	595.15	14.97%

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Unit : Million Baht	2019	2018	YoY (%)
Domestic revenue	424.34	355.86	19.25%
International revenue	259.87	239.29	8.60%

As for cost control and expenditures, the gross profit stands at THB 158.36 m, 15.1% higher than previous year, together with Selic's improved efficiency in cost control policy, resulting in EBITDA of THB 103.10 m, an astonishing 789.5% increase from 2018 with net profit of THB 30.74 m.

Unit : Million Baht	2019	2018	YoY (%)
Total revenue	723.73	599.77	20.7%
Sales revenue	684.21	595.15	15.0%
Other income	39.52	4.62	755.4%
Cost of goods sold	525.85	457.54	14.9%
Gross profit	158.36	137.61	15.1%
EBITDA	103.10	11.59	789.5%
Net profit	30.74	-10.93	---



Self-Adhesive Label Business

Adhesive labels (stickers) or Pressure Sensitive consist 3 layers, facestock (the visible part of label for printing or graphics) adhesive (coated and cured onto the back side of the facestock) and liner (this is the part of the label that is peeled off before use).



Revenue from sales of self-adhesive and label segment is recorded at THB 775.03 m, a decrease of 1.99% YOY. The drop in sales revenue of the segment is affected by a decline in demand for markets (domestic and international). Domestic sales revenue accounts for 67.73% of total sales revenue for the segment (most major customers of this segment are large printing houses). Revenue structure of this segment is as follows:

Unit : Million Baht	2019	2018	YoY (%)	% share	
				2019	
Domestic	524.92	539.12	(2.63%)	524.92	67.73%
International	250.11	251.64	(0.61%)	250.11	32.27%
Total	775.03	790.76	(1.99%)	775.03	100%

2019 has been a critical period for improving business processes for existing operations in order to achieve stronger future growth in self-adhesive market. Most efforts have been put into developing better internal control system, improvement of accounting standard and policy with the help of newly implemented ERP system. Substantial demand growth is still expected for self-adhesive label market, especially in Asia Pacific, where rapid change in consumer behavior and explosion of online-shopping or e-commerce are already taking place. The company still expects that the high demand in this sector will create positive advantages to the company and facilitate its future growth.

Cost of Sales

Cost of sales is at THB 1,049.14 m, which is about 75.54% from total revenue. This is a small improvement from 2018 which stood at 76.88%. This decrease in cost of sales is the result of business acquisition and sharing of costs between the companies within the group. Selic also has been able to execute its cost control strategy effectively by using fixed price policy, including strict price negotiation with major suppliers, and finding alternative sources for its raw materials, without compromising on quality.

Selling and Administrative Expenses

The selling expense is recorded at THB 35.34 m from the consolidated financial statement perspective, an increase of 149.3% YoY, proportionated to the significant increase in sales revenue top line. The company reports the selling expense of THB 167.85 m, an increase of 20.4% YoY, which amounts to 2.54% of total sales revenue. The administrative expenses amounts to about 12.1% of total sales revenue, compared to 23.25% from last year.



Financial Cost

The main part for the Company's Financial Cost is the Long-Term Loan interest expense to one of the financial institutions. The financial cost increase substantially in 2019 from the acquisition loan, resulting in financial cost of THB 41.48 m, an astonishing 15113% from 2018.

Profit

Selic's profit is reported at THB 85.81 m which is different story from 2018 when it recorded THB 10.93 m loss. This impressive turnaround is due to better management and efficiency of cost control. Last year's loss was mostly effected by the costs of acquiring of PMC Label (Thailand) and PMC Label (Singapore).

Future Outlook

Although the company's performance in 2019 has gone according to plan, it has to be said that 2020 sets out to be a challenging year for all businesses and industries given what has already happened on the global front. Having this in mind we will continue to monitor closely these major events that may impact our business and be prepared for the worse so that our sales and operation strategy can be move forward as planned.

Selic can still see growing demands in both business segment (adhesive and self-adhesive labels) from the adhesive consumption trend, especially in Asia** which has been predicted to be the fastest and biggest growing markets for adhesives and adhesive related products.

Our strategies and directions are still primarily going towards growth in both business segments by expanding into new markets and increasing product lines. At the same time, our focus on delivering service excellence and taking our reseach and development further will elevate our customers satisfaction as well as taking us to the top of our game in both adhesive and self-adhesive label industries. Moreover we will always welcome growth through more business acquisitions (M&A) or by partnering up with business partners through joint venture or partnership deals, should opportunities arise in the near future.

Lastly our commitment to improve on our business and operational activities through synergy of both business segments will reap satisfying results in the form of sales growth and better cost control.

Ek Suwatthanaphim

(Chief Executive Officer)

Selic Corp Public Company Limited

¹ Source: Markets and Markets Report

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