



Selic Corp Public Company Limited

Management Discussion & Analysis FY2021

Executive Summary

2021 saw the challenges caused by the COVID-19 pandemic especially the lockdown and strict COVID-19 measures. Resulting in economic slowdown and limited business activities in which led to weak consumer purchasing power particularly in quarter 2 and quarter 3. Quarter 4 Thai economic started to recover after the government announced opening of the country for tourism on November 1st and restrictions gradually lifted. Improvement of consumer spending and private sector investments could be observed in addition of the growth of export sector which had been recovered throughout the year.

International economic has been recovered both in terms of market demand and purchasing power. However, high raw material costs, high freight costs and shortage of container continued to put pressure to many industries.

Growth on revenue

Selic was able to pass through challenges and difficulties occurred in 2021. This has proved our strong determination and agility in business operations including execution through strict COVID-19 measures. Healthy growth on total revenue derived from the contribution of both Adhesive segment and Self-adhesive segment. Sales revenue for Adhesive in this year recognized at 732.68 million Baht increased by 16.3% while Self-adhesive sales revenue growth by 17.9% with the amount of 834.48 million Baht. This reflected our execution follow through marketing strategy to target growing industry sectors. In addition this also reflect our ability to adjust and adapt to the changes during crisis.

Our steps to sustainability development

Sustainability development is one of the key areas Selic put into priority. Our sustainability policy and strategy covers 3 dimensions, Environmentally, Social and Governance (ESG). In 2021, Selic was honored to be listed in the Thailand Sustainability Investment 2021 and received SET Awards 2021: Rising Star Sustainability Awards from Stock Exchange of Thailand. In addition, Selic was also selected to be listed in the ESG Emerging 2021 from Thaipat Institute.

Driving innovation through research and development of Green (Environmentally friendly) Products

In line with Selic overall focus, driving innovation through research and development together with sustainability policy we have successfully launched environmentally friendly product (Green products) into the market. This is Hotmelt adhesive containing bio-based content with sustainable feature to reduce GHG emission and friendly to users and environment. The green product also accredited by USDA from the United State of America.

Cost and supply chain management to reduce negative impact

Although sales revenue grows in both domestic and export markets, external factors are still a challenge. Those factors are the surge of exporting freight cost, key raw materials and projected to continue to increase. Selic had been focusing on cost management, driving efficiency and effectiveness procurement planning as these are internal factors that could reduce the impact from those challenges.



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FY2021 Financial Summary

- Revenue reached new high at 1,466.03 million Baht with 16.3% year on year growth driven by both adhesive and self-adhesive segments.
- Gross profit increased by 10.8% to 352.02 million Baht.
- EBITDA was 180.98 million Baht decreased by 8.5% and Net profit for the year was 81.53 million Baht decreased by 8.7% from last year. This is due to the impact from continuous increase of raw material and freight cost throughout the year.

Q4/2021 Financial Summary

- Strong growth in revenue and sales due to rebound in economic and market demands for both business segments and in domestic and export markets. Revenue reached 375.32 million Baht increased 9.9% (QoQ) and 16.3% (YoY). Sales revenue increased to 370.42 million Baht or 8.9% (QoQ) and 15.3% (YoY).
- Raw material cost continue to increase in this quarter causing decrease of gross profit by 9.9% (QoQ) and 11.7% (YoY) to amount of 71.86 million Baht.
- EBITDA was 34.38 million Baht increased 2.3% (QoQ) but decreased 29.0% from last year.
- Net profit reported at 11.35 million Baht increased 2.2% (QoQ) but decreased 50.4% (YoY)

Unit: Million Baht	Quarter					12 Months		
	Q4/2021	Q3/ 2021	Q4/2020	%QoQ	%YoY	FY2021	FY2020	% YoY
Total Revenue	375.32	341.37	322.82	9.9%	16.3%	1,466.03	1,260.33	16.3%
Total Sales & Services	370.42	340.09	321.27	8.9%	15.3%	1,454.64	1,247.87	16.6%
Gross Profit (excluding others)	71.86	79.75	81.34	(9.9%)	(11.7%)	352.02	317.68	10.8%
EBITDA	34.38	33.60	48.43	2.3%	(29.0%)	180.98	197.78	(8.5%)
Net Profit	11.35	11.10	22.87	2.2%	(50.4%)	81.53	89.31	(8.7%)

Financial Performance

Revenue

In 2021 Selic generated total revenue of 1,466.03 million Baht increased 16.3% as a result of growth from adhesive and self-adhesive business segments. Sales revenue was 1,454.64 million Baht increased 16.6% from increase of sales 15.4% from adhesive and 17.4% from self-adhesive from both domestic and export markets.

Sales & services revenue structure

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

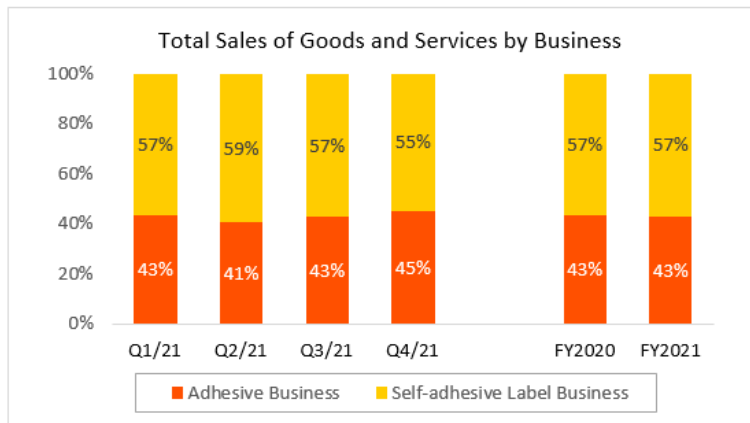
Proportion of sales and services by business is at 43% adhesive and 57% self-adhesive label. There is no change in proportion of Adhesive and self-adhesive label business compared to last year.

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Unit: Million Baht	Quarter					12 Months		
Sales & Services by Business Group	Q4/2021	Q3/ 2021	Q4/2020	%QoQ	%YoY	FY2021	FY2020	% YoY
Adhesive Business	167.24	145.37	145.43	15.0%	15.0%	625.12	541.58	15.4%
Self-adhesive Label Business	203.18	194.73	175.84	4.3%	15.5%	829.53	706.29	17.4%
Total	370.42	340.09	321.27	8.9%	15.3%	1,454.64	1,247.87	16.6%

Remark: Intercompany transaction elimination

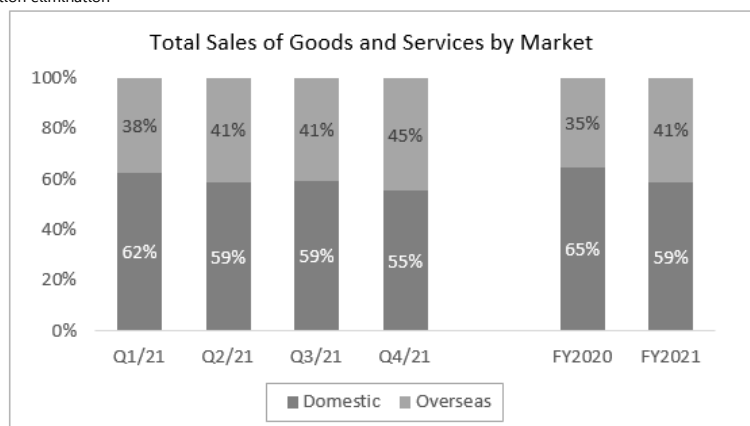


Remark: Intercompany transaction elimination

Sales and services by destination has proportion of 59% domestic and 41% export market. Export had strong growth at 36.2% where as domestic growth was 5.9% mainly due to economic slowdown and contraction in quarter 3 and 4 caused by the strict COVID-19 measures.

Unit: Million Baht	Quarter					12 Months		
Sales & Services by Market Type	Q4/2021	Q3/ 2021	Q4/2020	%QoQ	%YoY	FY2021	FY2020	% YoY
Domestic	204.97	201.21	190.17	1.9%	7.8%	856.38	808.56	5.9%
Overseas	165.45	138.89	131.10	19.1%	26.2%	598.27	439.31	36.2%
Total	370.42	340.09	321.27	8.9%	15.3%	1,454.64	1,247.87	16.6%

Remark: Intercompany transaction elimination



Remark: Intercompany transaction elimination

Cost of goods sold

Cost of goods sold for FY2021 was 1,102.62 million Baht increased 18.5% from last year mainly from constantly growth of raw material cost throughout the year as there were shortage/limited allocation and increase of oil price.



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Operational expenditure

Total operational expenditure was 237.70 million Baht, selling expenses was 59.31 million Baht while administrative expenses was 178.49 million Baht, increased by 25.8% from last year due to the upsurge of freight cost as export sales increased.

EBITDA and net profit

EBITDA was 180.98 million Baht declined 8.5% and net profit for this year was 81.53 million Baht. The decline mainly from higher cost of goods sold and operational expenditure.

Consolidated Financial Statement 2021

Unit: Million Baht	Quarter					12 Months		
Consolidated Financial Statement	Q4/2021	Q3/ 2021	Q4/2020	% QoQ	% YoY	FY2021	FY2020	% YoY
Sales of goods and services	370.42	340.09	321.27	8.9%	15.3%	1,454.64	1,247.87	16.6%
Net foreign exchange gain (loss)	1.49	0.80	0.98	86.3%	52.1%	5.11	2.44	109.1%
Other income	3.41	0.48	0.57	615.3%	497.0%	6.28	10.01	(37.3%)
Total Revenue	375.32	341.37	322.82	9.9%	16.3%	1,466.03	1,260.33	16.3%
Cost of sales	298.56	260.35	239.93	14.7%	24.4%	1,102.62	930.19	18.5%
Gross Profit (excluding others)	71.86	79.75	81.34	(9.9%)	(11.7%)	352.02	317.68	10.8%
Selling expenses	16.34	14.84	9.16	10.1%	78.4%	59.31	30.70	93.2%
Administrative expenses	39.95	46.38	39.12	(13.9%)	2.1%	178.49	158.38	12.7%
EBITDA	34.38	33.60	48.43	2.3%	(29.0%)	180.98	197.78	(8.5%)
Depreciation	13.91	13.79	13.82	0.9%	0.7%	55.37	56.72	(2.4%)
EBIT	20.47	19.81	34.61	3.3%	(40.9%)	125.61	141.06	(11.0%)
Financial cost	5.08	5.25	5.98	(3.3%)	(15.0%)	21.29	30.83	(30.9%)
EBT	15.39	14.55	28.63	5.7%	(46.3%)	104.31	110.23	(5.4%)
Income tax	4.04	3.45	5.76	17.0%	(29.9%)	22.79	20.92	8.9%
Net Profit	11.35	11.10	22.87	2.2%	(50.4%)	81.53	89.31	(8.7%)

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Segment Reporting

Adhesive Business

For Q4/2021, adhesive segment reported sales and services revenue at 178.83 million Baht increased 5.7% (QoQ) and 9.1% (YoY) mainly from the growth of solvent adhesive.

Total sales and services in 2021 reached 732.68 million Baht improved 16.3% compared to last year from growth of all adhesive product groups

Adhesive business: Sales and services revenue by product group

Unit: Million Baht	Quarter					12 Months		
Sales and Services by Product Category	Q4/2021	Q3/ 2021	Q4/2020	%QoQ	%YoY	FY2021	FY2020	% YoY
Solvent	80.02	60.91	60.88	31.4%	31.4%	278.86	232.50	19.9%
Hot Melt	68.71	69.52	67.59	(1.2%)	1.6%	278.67	242.72	14.8%
Water based	24.29	35.65	32.70	(31.9%)	(25.7%)	159.31	142.08	12.1%
Others	5.82	3.12	2.74	86.1%	112.4%	15.84	12.75	24.2%
Total Sales and Services	178.83	169.20	163.92	5.7%	9.1%	732.68	630.06	16.3%

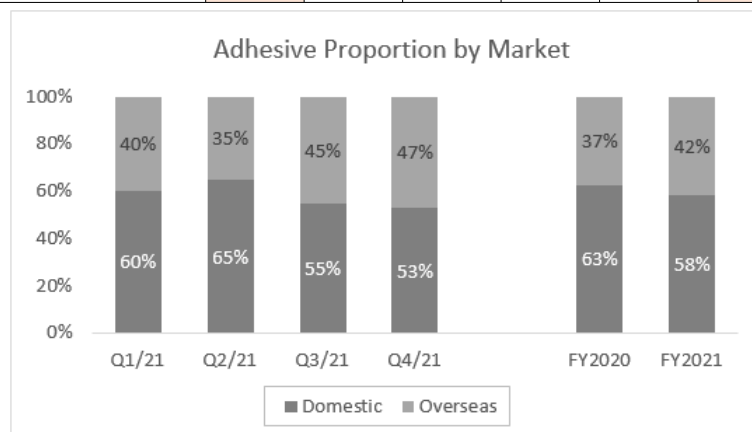
Solvent Product: strongly rebound in Q4/2021, 31.4% increase compared to previous quarter (QoQ). 19.9% increase in FY2021 compared to last year (YoY) mainly contributed from higher sales in overseas market.

Hot Melt Product: there is no significant movement in Q4/2021, 1.2% decrease compared to previous quarter (QoQ). 14.8% increase in FY2021 compared to last year (YoY) due to good expansion in both domestic and overseas market from food & beverage and packaging sectors.

Water based Product: drop in Q4/2021, 31.9% decrease compared to previous quarter (QoQ) but 12.1% increase in FY2021 compared to last year (YoY).

Adhesive business: Sales and services revenue by market destination

Unit: Million Baht	Quarter					12 Months		
Sales and Services by Market Type	Q4/2021	Q3/ 2021	Q4/2020	%QoQ	%YoY	FY2021	FY2020	% YoY
Domestic	94.29	92.25	93.20	2.2%	1.2%	427.41	394.58	8.3%
Overseas	84.53	76.95	70.72	9.9%	19.5%	305.28	235.48	29.6%
Total Sales and Services	178.83	169.20	163.92	5.7%	9.1%	732.68	630.06	16.3%





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Domestic Market: domestic sales in Q4/ 2021 slightly increased 2.2% compared to previous quarter and for the year 2021 improving at moderate level at 8.3% compared to last year.

Overseas Market: continuously grows in each quarter with good momentum, 9.9% increase compared to previous quarter (QoQ) therefore FY2021 strongly grows at 29.6% compared to last year.

Breaking down by market for adhesive for the year 2021, domestic sales was 58% whereas overseas sales was 42%

Adhesive business reported gross profit at 39.50 million Baht in Q4/21 improved by 5.8% from previous quarter but decline 16.4% from same period in previous year. There was mainly caused by constant increase of raw material costs. However, selling price adjustment to reduce the high cost had been on going resulting gross profit margin can be maintained at 22%.

For the 12 month period, gross profit reached 178.64 million Baht increased 2.7% from last year with gross profit margin at 24%.

EBITDA for 2021 was 447.44 million Baht and net profit reported at 386.30 million Baht inclusive of dividend paid from affiliates.

Self-adhesive Label Business

For the 4th quarter: Self-adhesive label business recorded 203.94 million Baht of total sales,

- 3.6% increase compared to previous quarter (QoQ) due to growth in paper labels.
- 15.6% increase from the same period of last year (YoY) due to growth in both paper and film labels.

For FY2021: Self-adhesive label business record 834.42 million Baht of total sales, 17.9% increase from last year (YoY) due to performing well in both paper and film labels.

Self-adhesive label business: sales revenue by product groups

Unit: Million Baht	Quarter					12 Months		
Sales by Product Category	Q4/2021	Q3/ 2021	Q4/2020	%QoQ	%YoY	FY2021	FY2020	% YoY
Paper	137.28	125.31	122.84	9.6%	11.8%	571.94	491.60	16.3%
Film	62.74	68.62	50.57	(8.6%)	24.1%	251.15	209.31	20.0%
Others	3.92	2.93	3.03	33.8%	29.5%	11.33	6.97	62.6%
Total Sales	203.94	196.86	176.43	3.6%	15.6%	834.42	707.88	17.9%

Paper Label: rebound in Q4/2021, 9.6% increase compared to previous quarter (QoQ) which mainly come from overseas market, domestic market remain stagnant. In 2021 16.3% increase compared to last year mainly contribute from higher sales in overseas market.

Film Label: slightly dropped 8.6% in Q4/2021 compared to previous quarter (QoQ) however 20.0% increase in FY2021 compared to last year due to good expansion in both domestic and overseas market.

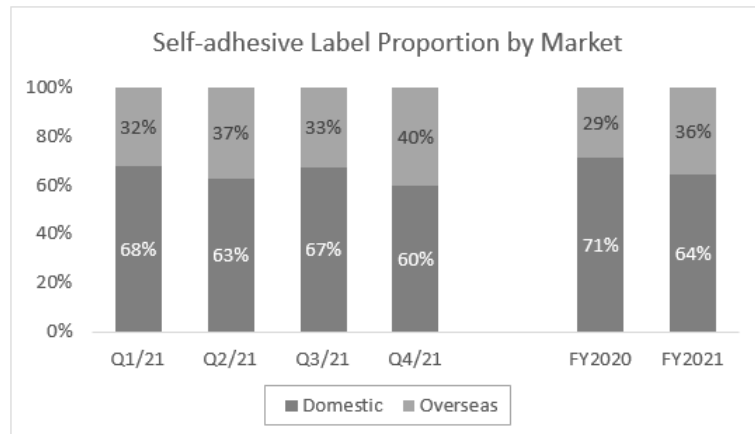
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Self-adhesive label business: sales revenue by market destination

Unit: Million Baht	Quarter					12 Months		
Sales by Market Type	Q4/2021	Q3/ 2021	Q4/2020	%QoQ	%YoY	FY2021	FY2020	% YoY
Domestic	122.27	132.81	116.46	(7.9%)	5.0%	536.58	503.33	6.6%
Overseas	81.66	64.05	59.97	27.5%	36.2%	297.83	204.55	45.6%
Total Sales	203.94	196.86	176.43	3.6%	15.6%	834.42	707.88	17.9%



Domestic Market: slightly dropped 7.9% in Q4/ 202 compared to previous quarter (QoQ) however FY2021 still grows with moderate level at 6.6% compared to last year.

Overseas Market: good rebound in Q4/2021, 27.5% increase compared to previous quarter (QoQ) therefore FY2021 has strong growth rate 45.6% compared to last year.

Breaking down by market for self-adhesive label for the year 2021, domestic sales was 64% whereas overseas sales was 36%



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2022 Business Outlook

Continuous Growth on Revenue

In 2022, Thai economic is predicted to recovered and rebound as more business activities expected to take place following the economic recovery. Although, uncertainty from COVID-19 pandemic remains with the emerging of Omicron, however vaccination rate continue to rise. In addition, international markets has been recovered with the positive sign since Q4 last year and expected to continue with market demand. Selic strives to grow its core business continuously by focusing on market strategy to deliver outcomes that match our customers' needs.

- Adhesive segment expected to grow from gaining more market shares and from market extension with new product development for both domestic and overseas markets.
- Growth of self-adhesive segment expected to grow leveraging more presences of distribution centers in the South East Asia region as well as through NPD.

Cost and Expenditure Management

The challenges from raw material cost and freight cost expected to continue. This situation has been closely monitored. We give top priority to tackle this challenge from internal operations by building efficiency operation, agile mindset and leverage innovation through research and development to counter and reduce negative impact might occurred from this challenge.

Sustainability Development Journey

In 2022, Sustainability development policies and goals cover key 3 dimensions of Environment, Social and Governance (ESG) where we will continuously operate. 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.

Contact us:

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