



OVERALL SUMMARY

The second wave of Covid-19 pandemic was the main driver that put the Thai economy under much pressure toward the end of 2020. Although overseas economic recovery from Covid-19 started to gather pace, exporters were faced with new obstacles such as shortage of shipping containers and rising raw material prices. Nevertheless Selic's determination to grow sustainably amidst these external challenges was never lost.

In Q1/2021, Selic accomplished growth in both revenue and profits thanks to its customer-centric approach to penetrating and serving growing industries during the crisis. The total profits achieved in Q1/2021 were the strongest quarter profits ever recorded in Selic's history. This achievement demonstrates Selic's solid capability to grow in the market.

SUMMARY OF BUSINESS PERFORMANCE

- Selic's consolidated total revenue for Q1 was THB 361.71M, an increase of 12% QoQ and 9.7% YoY
 - Revenue from the adhesive business rose* 124.6% QoQ and 83.1% YoY
 - Revenue from the self-adhesive business rose 14.8% QoQ and 10.1% YoY
- EBITDA at THB 57M, an increase of 17.7% QoQ and 15.3% YoY
- Net profits of Q1/2021 were reported at THB 30.05M, an increase of 31.4% QoQ, 33.8% YoY

*partly gained from dividends paid by subsidiary company

Unit : Million Baht	Q1/2021	Q4/2020	Q1/2020	%QoQ	%YoY
Total Revenue	361.71	322.82	329.63	12.0%	9.7%
Sales Revenue	357.61	321.27	327.68	11.3%	9.1%
Gross Profit	98.23	81.34	83.34	20.8%	17.9%
EBITDA	57.00	48.43	49.44	17.7%	15.3%
Net Profit	30.05	22.87	22.47	31.4%	33.8%

FINANCIAL PERFORMANCE

Revenue

In Q1, Selic's total revenues were THB 361.71M, a 12% increase from the previous quarter and 9.7% from the same period last year.

Strong growth in adhesive and self-adhesive sales resulted in revenues of THB 357.61M, a 11.3% increase from the previous quarter and 9.1% from the same period last year.



Selic Corp Public Company Limited

Management Discussion & Analysis Q1/2021



Income Structure: Sales

Selic's income is generated by two businesses namely adhesive (44%) and self-adhesive label (56%).

Self-
adhesive
label
Business
56%



Adhesive
Business
44%

Adhesive Business

In Q1, the adhesive business reported an income of THB 389.11M, a 124.6% increase from the previous quarter and 83.1% from the same period last year, including the dividends received from PMC Label Material Company Limited.

The total sales income from Q1 was THB 177.04M, an 8.0% from the previous quarter and 13.8% from the same period last year. This surge was driven by increased sales activities of three adhesive types including Hot Melt (+9.2%), Water Based (+6.9%) and Solvent Based (+5.9%). In terms of proportion, the income by adhesive types comprised of 42% Hot Melt, 36% Solvent Based, and 20% Water Based products.

By Product Group (Million Baht)	Q1/2021	Q4/2020	Q1/2020	%QoQ	%YoY
Solvent	64.50	60.88	65.42	5.9%	(1.4%)
Hot Melt	73.83	67.59	62.21	9.2%	18.7%
Water Based	34.96	32.70	25.08	6.9%	39.4%
Others	3.75	2.74	2.91	36.9%	28.7%
Total Sales	177.04	163.92	155.61	8.0%	13.8%

The income from sales in domestic market rose 14.4% from the previous quarter and 6.3% from the same period last year while overseas sales almost stood still with 0.4% fall from the previous quarter but 27.2% increase compared to the same period last year.

Unit : (Million Baht)	Q1/2021	Q4/2020	Q1/2020	%QoQ	%YoY
Domestic Sales	106.60	93.20	100.25	14.4%	6.3%
Export Sales	70.45	70.72	55.37	(0.4%)	27.2%

Adhesive business remained profitable even when raw material prices and freight costs were increasing with gross profit margin of 27.9% compared to last quarter 28.8% and last year 27.7%. Its EBITDA in Q1 at THB 236.37 M and net profits of THB 218.88 M (+1330.4% QoQ and 271.6% YoY), some were partly gained from dividends received from subsidiary company.



Self-adhesive Business

The self-adhesive business reported an income of THB 210.91 M, a 14.8% increase from the previous quarter and 10.1% from the same period last year. The sales income was recorded at THB 204.67 M, a 16.0% from the previous quarter and 11.6% from the same quarter last year with the majority of goods sold being paper products.

Self-Adhesive Sales (Million Baht)	Q1/2021	Q4/2020	Q1/2020	%QoQ	%YoY
Paper	144.13	122.84	126.03	17.3%	14.4%
Film	57.19	50.57	55.76	13.1%	2.6%
Others	3.35	3.03	1.68	10.6%	99.1%
Total sales	204.67	176.43	183.47	16.0%	11.6%

Costs of Sales

The costs of sales from both businesses in Q1 were reported at THB 259.38 M (+8.1% QoQ and 6.2% YoY) or 72.5% of all sales, compared to 74.7% in the previous quarter and against 74.57%, from the same period in 2020. This improvement reflects Selic's ability to manage its sales costs competently.

Operational Expenditure

Selling expense increased 50.8% to THB 13.81 M in Q1 compared to the previous quarter (or +86.5% from the same period last year) as the sales increased and logistics costs became more expensive. The management costs were THB 45.23 M, a 15.6% increase from the previous quarter and 9.4% from the same period last year. The proportion of management costs against the total income was 12.5% against 12.1% from the previous quarter and 12.5% from the same period last year.

EBITDA & NET PROFITS

The EBITDA from Q1 rose 17.7% amounted to THB 57 M from the previous quarter and 15.3% from the same period last year, with EBITDA margins being 15.8% compared to 15.0% in Q4/2020 and Q1/2020

From Q1/2021 financial report the net profits were reported at THB 30.05 M, a 31.4% increase from the previous quarter and 33.8% from the same quarter last year. This marks the highest quarterly profit performance in Selic's history, with net profit rate being 8.3%.



CONSOLIDATED FINANCIAL STATEMENT

Million Baht	Q1/2021	Q4/2020	Q1/2020	%QoQ	%YoY
Sales	357.61	321.27	327.68	11.3%	9.1%
Other revenue	4.10	1.55	1.96	164.9%	109.7%
Total revenue	361.71	322.82	329.63	12.0%	9.7%
Cost of goods sold	259.38	239.93	244.33	8.1%	6.2%
Gross profit (excluding other)	98.23	81.34	83.34	20.8%	17.9%
Selling expense	13.81	9.16	7.41	50.8%	86.5%
Administrative expense	45.23	39.12	41.34	15.6%	9.4%
EBITDA	57.00	48.43	49.44	17.7%	15.3%
Depreciation	13.71	13.82	12.88	(0.8%)	6.4%
EBIT	43.30	34.61	36.56	25.1%	18.4%
Financial cost	5.59	5.98	9.43	(6.4%)	(40.7%)
EBT	37.70	28.63	27.13	31.7%	39.0%
Tax	7.65	5.76	4.66	32.8%	64.1%
Net Profit (Loss)	30.05	22.87	22.47	31.4%	33.8%

2021 Outlook

Growth Driver:

Demands for industrial adhesives and self-adhesive labels*

According to Adhesive and Sealant Global Forecast (marketsandmarkets), market demands for industrial adhesives are expected to grow on average 4.6% per annum from the total market value of USD 58.9 Billion or THB 1,830 Billion, where 31.1% of market demands are in Asia-Pacific. The growth in demands from this region is expected to be 6.1% per annum which is higher than the average global growth rate. This shows a strong and continuous growth in the market especially from industries like packaging, food and beverage, construction and furniture.

The self-adhesive label market is also expected to grow at 6.0% per annum with the total market value being USD 40.5 Billion or THB 1,258 Billion. Similar to adhesives, the biggest growing market is Asia-Pacific with 34.9% market share and growth rate of 8.0%. The main industries include food and beverage, consumables and logistics.

**Adhesive and Sealant Global Forecast (marketsandmarkets)*

**Self-adhesive Global Forecast 2023 (marketsandmarkets)*

Focus on growing industries

Selic's main customer base already includes the abovementioned industries that have high demands for industrial adhesive products and self-adhesive labels. The company is expected to grow its business within these industries.



Selic Corp Public Company Limited Management Discussion & Analysis Q1/2021



Supply chain management

The global Covid-19 pandemic has resulted in shortage of sea freight containers which also led to extraordinarily high freight costs. Relatively, important raw materials and crude oils also went up in price. Selic's closely managed supply chain allows the company to achieve on-time delivery and cost management efficiency as it continuously work closely with its business partners. In fact, Selic will keep its focus on improving its supply chain, primarily in 2021 and in the coming years, to mitigate possible effects of future obstacles and to strengthen its capability to stay profitable.

Covid-19

Selic is particularly concerned about the health and well-being of its employees, business partners and stakeholders, especially during the current Covid-19 pandemic. Strict control and preventative measures against the coronavirus disease, following advice provided by the government and news information, are carried out throughout the company to enable us to operate our business with confidence.

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