



Executive Summary

Selic Corp Public Company Limited ("Selic" or "The Company") achieved its highest Revenue and Net Profit Growth for the Quarter at Baht 359.33 million and Baht 23.92 million consecutively.

- Total consolidated revenue for the quarter was at Baht 359.33 million, an increase of 151.2% YOY.
- Total Sales Revenue was Baht 357.41 million, an increase of 151.1% YOY.
 - Adhesive business recognized revenue of Baht 151.80 million, an increase of 6.7% YOY.
 - Self-Adhesive label business recorded the revenue of Baht 205.62 million, growth at 2.1% YOY.
- Gross Profit was at Baht 88.42 million, an increase of 149.7% YOY.
- Highest Net Operating Profit at Baht 23.92 million, an increase of 5394.3% YOY.

Unit : Million Baht	Quarter 1 2019	Quarter 1 2018	YoY (%)
Total Revenue	359.33	143.02	151.2%
Revenue from Sales (Net)	357.41	142.32	151.1%
Gross Profit	88.42	35.41	149.7%
Net Profit	23.92	0.44	5394.3%

Significant Events and Major Development

Following the company's strategy growth through M&A, the company successfully acquired and gained complete control power of 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, as of January of 2019. This has resulted in a big change of the company' structure i.e. PMCT and PMCS are now SELIC' subsidiaries. Selic's now income is now generated by the two main business operations as below:

1) Adhesive Business

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

2) 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.

During the first quarter, the company had been concentrating on the operations of its existing adhesive business as well as ensuring that the acquisition of PMC group and transition of business operations have been smooth with maximum synergy, for the best interest of the company. During this time a set of new accounting standard have been adjusted, and the ERP (Enterprise Resource Planning) system implemented, the internal control system and the management systems installed for the PMC Group.



Operational and Financial Summary

Consolidated Financial Statement

Unit : Million Baht	Quarter 1 2019	Quarter 4 2018	Quarter 1 2018	QoQ (%)	YoY (%)
Total Revenue	359.33	149.64	143.02	140.1%	151.2%
Revenue from Sales (Net)	357.41	148.95	142.32	140.0%	151.1%
Other Revenue	1.92	0.69	0.69	176.2%	176.2%
Cost of Sales	268.99	117.17	106.91	129.6%	151.6%
Gross Profit	88.42	31.77	35.41	178.3%	149.7%
EBITDA	51.29	(10.98)	6.50	--	689.2%
Earning before financial cost and Tax	39.43	(16.63)	0.66	--	5902.3%
Financial Cost	10.39	0.13	0.05	7878.3%	20306.2%
Tax Expense	5.12	(1.04)	0.17	--	2898.1%
Net Profit	23.92		0.44		5394.3%

Revenue

Focusing on the company's ongoing growth strategy, the company recognized its revenues of Baht 359.33 million for the Q1/2019, an increase of 151.2% when compared with Baht 143.02 million in Q1/2018. The acquisition of the PMC Label Materials Company Limited in Thailand and PMC Label Material Pte. Limited in Singapore played a major role in the increase of the group's top line revenue. The company's revenue structure shown in 2 separated business segments on the Consolidated Financial Statement perspective as below.

Sales Revenue Structure

Unit : Million Baht	Quarter 1 2019	Quarter 1 2018	YoY (%)	Income Proportion	
				Quarter 1 2019	%
Adhesives Business	151.80	142.32	6.7%	151.80	42%
Self-Adhesives Label Business	205.62	--	--	205.62	58%
Total Sales Revenue (Net)	357.41	--	151.1%	357.41	100%

Adhesives Business

Revenue from the adhesives business consists of revenues from domestic and international. The adhesive segment generated Baht 151.80 million in Q1/2019, an increase of Baht 9.48 million from the same quarter of previous year or an increase of 6.7% YOY. The increase in sales revenue over this segment came was derived from sales of all 3 major groups of Company's products (solventbased, hotmelt, and waterbased).

Unit : Million Baht	Quarter 1 2019	Quarter4 2018	Quarter 1 2018	QoQ (%)	YoY (%)
Solvent Based	80.37	74.44	75.57	8%	6%
Hot Melt	56.72	56.77	53.18	-0.1%	7%
Water Based	12.35	13.86	9.88	-11%	25%

Sales revenue of this segment improved both domestic and international when compared to the same period in previous year. Domestic sales for Q1/2019 was at Baht 94.08 million, an increase of 5.35% YoY and 5.9% QoQ while the international sales revenue stood at Baht 57.71 million, an increase of 8.86% YoY, a slight drop when compared to the last quarter's figure (Q4/2018) at -4%. Despite the country's slow export performance, the company was able to maintain its existing international markets. However, there are still many uncertainties that could affect the company's international sales performance i.e. currency volatility, trade wars, and political unrest in certain markets, and uncertain import rules and regulations. Being aware of these factors, the company will continue to observe and, if necessary, adapt our marketing strategies based on current economic and political situations in our markets.

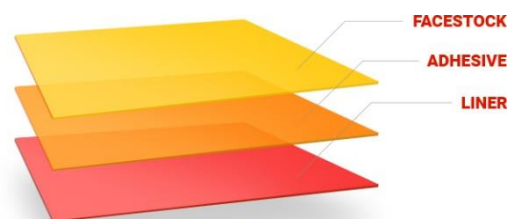
Unit : Million Baht	Quarter 1 2019	Quarter 4 2018	Quarter 1 2018	QoQ (%)	YoY (%)
Domestic Sales Revenue	94.08	88.81	89.31	5.9%	5.35%
International Sales Revenue	57.71	60.13	53.02	-4.0%	8.86%

The effectiveness of company's cost control strategy was evident in the past quarter, as the company recognized its gross profit of Baht 37.14 million, an increase of 4.9% YoY, together with the control strategy of the administrative expense, resulted in the net profit of Baht 6.59 million for the adhesive segment, an increase of Baht 15.72 million from the 4th quarter of 2018, in which the company reported net loss.

Unit : Million Baht	Quarter 1 2019	Quarter 4 2018	Quarter 1 2019	QoQ (%)	YoY (%)
Total Revenue	162.21	149.64	143.02	8.4%	13.4%
Sales Revenue (Net)	151.80	148.95	142.32	1.9%	6.7%
Other Revenue	10.41	0.69	0.69	1400.0%	1400.1%
Cost of Sales	114.66	117.17	106.91	-2.1%	7.2%
Gross Profit	37.14	31.77	35.41	16.9%	4.9%
EBITDA	24.49	(10.98)	6.50	--	276.9%
Net Profit	6.59	(15.72)	0.44	--	1414.3%

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) และ liner (this is the part of the label that is peeled off before use).



Revenue from sales of Self-Adhesive and Label segment was at Baht 205.62 Million for the quarter. Domestic sales contributed to 68% of the total sales revenue for the segment. This is because the most major customers of this segment are printing houses. Revenue structure of this segment are as follows:



Unit : Million Baht	Quarter 1 2019	Proportion %
Domestic Sales Revenue	139.88	68%
International Sales Revenue	65.75	32%

The trend for self-adhesive and label market seems promising, especially in Asia. The change in consumer behavior and the expansion of online-shopping or e-commerce have given rise to the demand for self-adhesive and label products. Hence the company's focus on developing e-commerce related products. The company expects that the high demand in this sector will create positive advantages to the company and facilitate the future growth.

Additionally, the company expects to grow in the specialty group. The company has started to run tests in production lines and expects to launch new products within quarter 2 of this year. The specialty line will help in expanding the company's market presence internationally.

Cost of Sales

Cost of sales was at Baht 268.99 million, an increase of 151.6% YOY. The cost of sales ratio was at 75.26% of total sales revenue, a significant decrease when compare to the cost of sales of 78.67% in Q4/2018. The significant decrease in cost of sales was resulted from the economy of scale after the business acquisition, the company's fixed price policy, the price negotiation with the major suppliers, and finding cheaper raw material replacement.

However, the oil price in Q2/2019 is expecting to rise which may affect the COGS of the company in general. The company is well aware of the situation and all efforts are being made to minimize any foreseeable risks. Fixing prices with major suppliers is one of the approaches considered.

Selling and Administrative Expense

The selling expense was at Baht 7.47 million from the consolidated financial statement perspective, an increase of 164.7% YoY, a significant increase in sales revenue top line. This quarter, the company reported the administrative expense of Baht 43.43 million, an increase of 33.1% from the same period in previous year, but decrease 4.7% QoQ due to the good expense management, while the one time acquisition cost was mostly reported 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. Financial cost increase substantially in 2019 from the acquisition loan, resulted in the increase of Baht 10.34 million in interest expenses which consisted of the interest expense of the Adhesive Business amounted to Baht 3.37 million, and the interest expense of the Self-Adhesive business at Baht 7.02 million.



Profit

The company reported EBITDA for the period at Baht 51.29 million, an increase of 689.2% from the same period of last year. Part of the reason was because of the better control over the company's expenditures. In summary, the company generated the net profit for the period at Baht 23.92 million, an increase from Baht 0.44 million in Q1 of 2018 or an increase from losses in Q4 of 2018 at Baht 15.72 million.

Acquiring asset from Business Acquisition

On March 31, 2019, The company possessed the total asset of Baht 1,645.22 million, an increase of Baht 1,030 million from the acquiring assets of PMC group. Due to the Fair value adjustment of both Fixed Asset and Customer Relations Database, the company needed to book the Goodwill of Baht 378.31 million into its Balance sheet for the period.

Summary of Purchase Price Allocation			
Unit : MB	PMCT	PMCS	Total
Consideration transferred	927.00	103.00	1030
Less : Identification Net Asset	598.32	53.37	651.69
Goodwill	328.68	49.63	378.31

2019 Outlook

The adhesive and self-adhesive label markets is expected to experience the substantial growth in the future, especially in Asia Pacific which was expected to grow at the highest growth rate¹, which could be a good signal for future growth and expansion of the company.

In the year 2019, Selic will still focus on both adhesive and self-adhesive segments, by giving the priority in new market expansion for future growth, and expand existing markets through new product development strategy, as well as providing the exceptional customer service experience. Selic is still seeking the opportunity to grow its business through M&A and other type of Business integration, including Joint Venture or Partnership.

For adhesive business, the company is operating based on its strategic marketing plan, such as launching new quality products, response to the customer's need in order to build a long-term relationship. Selic management team is keeping an eye on the market conditions and situations, including Thailand's economy in general, in order to minimize risks or any uncertainties that may occur and may affect the future business of the company.

As for the self-adhesive label business, the company already implemented new ERP system and enhanced new accounting standard at PMC group after the acquisition earlier on in the year. The company is now focusing on the improvement of business processes and existing operations for better future growth.

The company expects to continuously maintain the current operating results, create and gain the benefits from the synergy, in order to maximize profit and future sustainability growth.

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SELIC Corp Public Company Limited

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Management Discussion and Analysis Q1/2019



¹ Source: Markets and Markets Report

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