



Always Thinking Beyond  
ซีลิกคิด เพื่ออนาคต เพื่อคุณ

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## Management's Discussion and Analysis

**For the 2<sup>nd</sup> Quarter Ended June 30<sup>th</sup>, 2018**

August 9<sup>th</sup>, 2018

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## Executive Summary

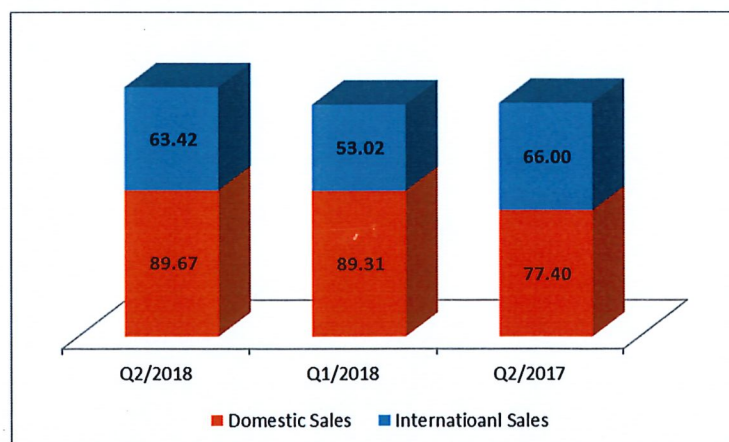
Selic Corp Public Company Limited (Selic) ("the company") continues to grow organically in Q2/2018 as sales revenues increased by 7.6% from Q1/2018, amounted to sales revenue of Baht 153.10 Million. The company kept focusing on the international market expansion which contributed mostly to the increase of the top line sales revenue for the quarter when compared to the previous quarter.

*Foreign Exchange rate volatility* remains one of our challenges for the quarter. Although, the U.S. dollars devaluated about 6.95% (source: Bank of Thailand ) compared to the prior year quarter, the company still be able to keep its revenue top line growth at 6.8% from the same quarter of last year.

In addition, *the raw material headwinds* persisted. The increment of raw material's price was mainly driven by oil price as well as market shortage of some major raw material and the volatility of exchange rate against the supplier's local currency.

Despite all of the above mentioned challenges, the company was able to remain on profitable growth path, amounted to the profit of Baht 4.32 million for Q2/2018.

Unit : Million Baht	Q2/2018	Q1/2018	Q2/2017	%QoQ	%YoY
Sales - Net	153.10	142.32	143.40	7.6%	6.8%
Other income	2.84	0.69	1.05	309.2%	171.6%
<b>Total Revenue</b>	<b>155.94</b>	<b>143.02</b>	<b>144.45</b>	<b>9.0%</b>	<b>8.0%</b>
Cost of Sales	117.26	106.91	105.22	9.7%	11.4%
<b>Gross Profit (Excluding Other Revenue)</b>	<b>35.84</b>	<b>35.41</b>	<b>38.18</b>	<b>1.2%</b>	<b>(6.1%)</b>
Selling and Administrative Expense	34.34	35.45	32.76	(3.1%)	4.8%
<b>EBITDA</b>	<b>10.08</b>	<b>6.50</b>	<b>12.27</b>	<b>55.2%</b>	<b>(17.8%)</b>
Depreciation	5.75	5.84	5.81	(1.6%)	(1.0%)
EBIT	4.33	0.66	6.46	559.7%	(32.9%)
Financial Cost	0.05	0.05	0.12	7.6%	(53.0%)
EBT	4.28	0.61	6.35	606.1%	(32.6%)
Tax	(0.05)	0.17	0.88	(126.9%)	(105.2%)
<b>Net Profit for the Year</b>	<b>4.32</b>	<b>0.44</b>	<b>5.46</b>	<b>893.3%</b>	<b>(20.8%)</b>
Other Comprehensive Income	-	-	(0.60)	0.0%	(100.0%)
<b>Total Comprehensive Income for the Year</b>	<b>4.32</b>	<b>0.44</b>	<b>4.86</b>	<b>893.3%</b>	<b>(11.0%)</b>







## Summary of Consolidated Operating performance

### Q2 – Snapshot

In Q2/2018, the company's sales revenue was Baht 153.10 million, increased from Q1/2018 by 7.6% QoQ. The sales revenue for the 1<sup>st</sup> half of the year was Baht 295.42 million as a result of an expansion into international market, the company closed Q2/2018 with the net profit of Baht 4.32 million.

International market remains strong, despite the appreciation of THB against the U.S. dollar. Although the company did not generate much revenues growth internationally in Thai baht, the international sales revenues is growing when consider from the U.S. Dollars perspective.

Consolidated Sales Revenue by Type	Q2/2018	Q1/2018	%QoQ	Q2/2018	Q2/2017	%YoY
Domestic Sales	89.67	89.31	0.4%	89.67	77.40	15.9%
International Sales	63.42	53.02	19.6%	63.42	66.00	(3.9%)

Sales Revenue by Product Group	Q2/2018	Q1/2018	%QoQ	Q2/2017	%YoY
Solvent	86.76	75.57	14.8%	85.43	1.6%
Hotmelt	50.92	53.18	(4.2%)	47.52	7.2%
Water Based	12.28	9.88	24.2%	9.22	33.1%
Other	3.13	3.70	(15.3%)	1.23	154.3%

Domestic sales revenue achieved 15.9% growth YoY as the company had not stopped its effort in expanding into new businesses, while maintaining its current customer base. In Q2/2018, the company was able to expand further into market such as furniture&fixtue and Automotive.

### Cost of Sale

Cost of Sales (excluding other revenue) was Baht 117.27 million, an increase of 11.4% YoY and 9.7% QoQ, primarily due to the increase in commodity price inflation, resulted in the rise of both raw material's and packaging's cost. The company is attempting to find both raw material replacement as an effort to decrease its cost of sales. The company R&D department is working effectively in finding raw material replacement while maintaining the quality of our product.

### Selling expenses and Administrative expenses

Selling expenses were Baht 4.70 million, an increase of 17.2% from the prior year. The increment of these expenses was due to the increase in exporting expense, commission expense and transportation expense. However, the increase of this expense was in line with the increment of sales revenue.



Unit : Million Baht	Q2/2018	Q1/2018	Q2/2017
Selling Expenses	4.70	2.82	4.01
Administrative Expenses	29.64	32.63	28.75

#### Outlook for the remaining of the year

Selic and its management team are working very hard to achieve the budget for the remaining of the year 2018. The team will focus on implementation of the new innovative product and strategy in order meet the target performance.



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