



OVERALL SUMMARY

In 2020 the COVID-19 pandemic shook the world in many ways especially its economy. Naturally we started seeing governmental lockdowns, travel restrictions, changes in people's buying behaviour, and adaptations of lifestyle. What followed was waning economic performances everywhere including Thailand which began in Q1. In Thailand, the impact of COVID-19 strengthened in Q2 and while Q3 seemed like things started to ease, the economic pressure and weakening buying power lasted until the end of the year as international business wasn't back to normal and we were hit again by the second wave of COVID-19 infections.

At Selic, our way of dealing with numerous challenges and prolonged uncertainties throughout the year was by focusing on operating our business with minimum damage. This includes adjusting the sales and marketing strategy, improving customer service excellence and experience, maintaining profit margins.

SUMMARY OF BUSINESS PERFORMANCE 2020

- Revenue was down from 2019 but the net profit hit an all-time high
 - Selic's total combined revenue came to THB 1,260.33 Million Baht (MB) (-9.8% YoY) caused by Covid19 pandemic that affected the economic performance in and outside of Thailand
 - The ability to achieve the highest profit in history with EBITDA at THB 197.96 M and net profits at THB 89.31MB

BUSINESS PERFORMANCE Q4/2020 (3-MONTH PERIOD)

- In Q4 Selic total revenue was THB 322.82 M, up 1.6% YoY but down 0.7% QoQ. With sales income at THB 321.27, up 1.8% YoY and down 0.5% QoQ
- Gross profits in Q4 stood at THB 81.34 MB, up from last year but down 5.3% from Q3
- EBITDA accounted for THB 48.43 MB, up 24% QoQ and down 15.9% from Q3
- Net profits were THB 22.87 M in Q4, up 68.3% YoY and down 17% QoQ
- Selic's business performance in Q4 proved to be stronger than the previous year in terms of increase in income and ability to stay profitable while showing growth amidst the surrounding challenges



Quarter 4/2020	(3 month)					(12 month)		
Unit : Million Baht	Q4/2020	Q3/2020	Q4/2019	%QoQ	%YoY	FY2020	FY2019	(+/-)%
Total Revenue	322.82	325.16	317.66	(0.7%)	1.6%	1,260.33	1,397.79	(9.8%)
Sales Revenue	321.27	323.00	315.53	(0.5%)	1.8%	1,247.87	1,388.90	(10.2%)
Gross Profit	81.34	85.92	74.42	(5.3%)	9.3%	317.68	339.76	(6.5%)
EBITDA	48.43	57.59	39.05	(15.9%)	24.0%	197.96	195.16	1.4%
Net Profit	22.87	27.57	13.59	(17.0%)	68.3%	89.31	85.81	4.1%

FY2020 FINANCIAL PERFORMANCE

Revenue

The total income of 2020 was THB 1,260.33 M, THB 9.8M less than 2019 due to a slight drop in sales of industrial adhesives and labeling products caused by the weakened economy and various measures to control the spread of COVID-19 throughout the whole year. The Income from sales amounted to THB 1,247.87 M, down 10.2%. However the total income totalled at THB 322.82 M, up 1.6% YoY and down 0.7% QoQ. The sales income stood at THB 321.27 M, up 1.8% YoY and down 0.5% QoQ.

Income Structure: Sales

Selic's income is generated by two businesses including adhesive (43%) and self-adhesive label (57%).

Self-adhesive label Business
57%



Adhesive Business
43%

Adhesive Business

The total income of the adhesive business in 2020, taken from domestic and overseas markets, accounted for THB 718.61 M*, -0.7% YoY. The sales income fell 7.9% YoY or THB 630.06 M - was largely affected by the economic slowdown and the export hiatus in Q2.

This comprised of a one-time transaction of dividends pay-out by PMC Labeling Materials.

Selic Corp Public Company Limited
Management Discussion & Analysis FY2020



The proportions of income from adhesive sales can be seen as 63% from domestic compared to 37% from overseas.

In Q4 the sales revenue accounted for THB 173.27, down 3.6% YoY and down 5.4% QoQ. The revenue from the overseas activities grew 8.25% compared to previous quarter but slightly down by 0.94% from previous year.

Quarter 4/2020	(3 month)					(12 month)		
Unit : Million Baht	Q4/2020	Q3/2020	Q4/2019	%QoQ	%YoY	FY2020	FY2019	(+/-)%
Domestic Sales	93.20	107.64	98.64	(13.42%)	(5.52%)	394.58	424.34	(7.01%)
International Sales	70.72	65.33	71.39	8.25%	(0.94%)	235.48	259.87	(9.39%)

The gross profits of sales from adhesive in 2020 were at THB 173.95 MB or +9.8% YoY with EBITDA at THB 176.36 MB, +71% and net profits at THB 104.67 M, +240.5% from efficient cost management despite the fall in sales income. For the period of 3 month in Q4/2020, the tight expenditure control and agile response to the situation resulted in EBITDA growth with net profits of THB 15.30 MB, +96.4% YoY but -28% QoQ.

Quarter 4/2020 Adhesive segment	(3 month)					(12 month)		
Unit : Million Baht	Q4/2020	Q3/2020	Q4/2019	%QoQ	%YoY	FY2020	FY2019	(+/-)%
Gross Profit	47.25	50.47	40.40	(6.4%)	17.0%	173.95	158.36	9.8%
EBITDA	32.60	40.60	26.02	(19.7%)	25.3%	176.36	103.10	71.0%
Net Profit	15.30	21.25	7.79	(28.0%)	96.4%	104.67	30.74	240.5%

Self-adhesive Business

In 2020, the main focus on this side of the business was placed on improving product quality, production efficiency and quality control system, recruiting industry's experts to help to build a strong foundation for future market expansion plan.

The total revenue of self-adhesive business was recorded at THB 737.16 MB, -9.3% YoY, while the sales income was THB 707.88 MB, - 8.7% due to decrease in sales activities affected by the COVID-19 pandemic. The income in Q4 amounted to THB 183.76 MB, +6.4% YoY and +0.4% QoQ.



Cost of Sales

The cost of sales of consolidated businesses for the whole year was THB 930.19 MB (-11.3% YoY). This directly relates to the decrease in sales income but recently implemented cost control and management policies. In 2020 the costs were 74.5% against the total income whereas the costs were 75.5% in 2019.

Operational Expenditure

In 2020, the expenditure from sales and management activities accounted for THB 189.08 MB, - 6.9% YoY thanks to the tighter control in expenditure and increased efficiency in operational processes.

EBITDA & NET PROFIT

The EBITDA value in 2020 was THB 197.96 MB, +1.4% YoY with net profits at THB 89.31 MB, +4.1% YoY. The net profit averaged at 7.09%, +6.14% YoY.



CONSOLIDATED FY2020 FINANCIAL STATEMENT

Quarter 4/2020	(3 month)					(12 month)		
Unit : Million Baht	Q4/2020	Q3/2020	Q4/2019	%QoQ	%YoY	FY2020	FY2019	(+/-)%
Total revenue	322.82	325.16	317.66	(0.7%)	1.6%	1,260.33	1,397.79	(9.8%)
Sales	321.27	323.00	315.53	(0.5%)	1.8%	1,247.87	1,388.90	(10.2%)
Cost of sales	239.93	237.08	241.12	1.2%	(0.5%)	930.19	1,049.14	(11.3%)
Gross profit (excluding others)	81.34	85.92	74.42	(5.3%)	9.3%	317.68	339.76	(6.5%)
Selling expense	9.16	7.74	10.32	18.3%	(11.3%)	189.08	203.19	(6.9%)
Administrative expense	39.12	38.45	40.04	1.7%	(2.3%)			
EBITDA	48.43	57.59	39.05	(15.9%)	24.0%	197.96	195.16	1.4%
Depreciation	13.82	15.70	12.87	(12.0%)	7.4%	56.90	49.70	14.5%
EBIT	34.61	41.89	26.18	(17.4%)	32.2%	141.06	145.46	(3.0%)
Financial cost	5.98	7.25	9.80	(17.6%)	(39.0%)	30.83	41.48	(25.7%)
EBT	28.63	34.64	16.38	(17.3%)	74.8%	110.23	103.98	6.0%
Tax	5.76	7.07	2.79	(18.5%)	106.6%	20.92	18.17	15.2%
Net Profit (Loss)	22.87	27.57	13.59	(17.0%)	68.3%	89.31	85.81	4.1%

BUSINESS PERSPECTIVE IN 2021

Although the shock from COVID-19 pandemic has started to wane in 2021 the economical and social impacts can still be felt. However the future looks more promising. We see indications that tell us 2021 will be a better year. Some countries have started their COVID-19 vaccination program while many have already arranged their countries' allocations for the vaccine. People have adapted to the new normal and follow preventative precautions deemed necessary in their countries. Businesses have learnt to acclimatize and adapt their strategy to survive in the new environment particularly expanding into the digital world more and more.

Flexible and Agile

We recognize the two most fundamental business attributes: flexibility and agility. During the challenging months in 2020 we learnt that being able to adapt and move fast in changing economic condition is key. In 2021 we will still be observant of the situation and stay agile in managing the business especially on the marketing and sales front. Being



watchful of industrial trends and growths as well as handling the supplychain more efficiently in order to operate the business more proficiently and unremittingly.

Management of Expenditure and Efficiency Improvement

At Selic we are determined to improve our business efficiency by cost control, well-organized supplychain system, successful supervision of sales and operational expenditure as well as increasing our potential on the digital front to enhance our resource management and better our overall business performance.

¹Source: Markets and Markets Report

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