



President  
Stock Exchange of Thailand

11 August 2021

Dear Sir,

**Explanation and Analysis of Financial Statements for the Quarter Ended 30 June 2021**

We enclose herewith the consolidated financial statements of Thai Rung Union Car Public Company Limited (“the Company”) for the quarter ended 30 June 2021, duly reviewed by the Company’s auditors and approved by the Company’s Board of Directors, for onward distribution to investors.

**General overview of the Thai automotive industry**

Unit : vehicles	Q.2			Q.1 + Q.2		
	2020	฿ 2563	Change	2020	฿ 2563	Change
Production	378,768	152,450	148%	844,601	606,132	39%
Domestic sales	179,054	128,576	39%	373,191	328,640	14%
Export sales	215,381	100,269	115%	473,489	350,550	35%

In the second quarter of 2021 vehicle production, at 378,768 units, was up by 148% on the same quarter of the previous year, in which several auto makers temporarily halted production due to the effects of the COVID-19 epidemic, leading to lower-than-normal figures for production and sales. Domestic sales for the quarter were up by 39%, at 179,054 units, while export sales were up by 115% at 215,381. As for the cumulative figures for the half-year, production was up by 39% at 844,601 units, domestic sales were up by 14% at 373,191 units and exports were up by 35% at 473,489 units.

Consequently the Federation of Thai Industries has adjusted its estimate of total production for the year from 1.5 million units to between 1.55 and 1.6 million units, between 8 and 10% more than in 2020, reflecting signs of economic recovery in trading partner countries leading to increased demand for vehicles. It now estimates exports at between 0.80 and 0.85 million units, leaving the estimate for domestic sales unchanged at 0.75 million units in view of the lockdown measures and their effect on economic activity and consumer confidence, with financial institutions also tightening credit conditions. In any case the COVID-19 situation needs to be monitored carefully, as does the persistent shortage of certain auto parts.

## **Company results**

Management has the following comments on the Company's results for the quarter ended 30 June 2021 compared with the same quarter of the previous year and the financial position at 30 June 2021 compared with that at 31 December 2020. These comments are intended to be read in conjunction with the consolidated financial statements.

### **Consolidated Income Statement for the quarter ended 30 June 2021**

THB millions	Q2 2021	Q2 2020	Change	
Item				
Operating revenues	450	222	228	103%
Other income	6	9	(3)	(32%)
1.1 Total revenues	457	231	225	97%
1.2 Cost of sales & services	387	251	137	54%
1.3 Selling & administrative expenses	60	60	(0)	(1%)
1.4 Share in profit/(loss) of associates (joint ventures)	7	(13)	20	150%
Profit/(loss) before tax	16	(93)	109	117%
Income tax income (expense)	(6)	(4)	(2)	(44%)
1.5 Profit/(loss) for the period	10	(98)	108	110%

Attribution of profit/(loss)	Q2 2021	Q2 2020	Change	
To owners of the parent company	10	(95)	106	111%
To non-controlling interests	(0.28)	(2)	2	88%

## **1. Overview of Results for the Year**

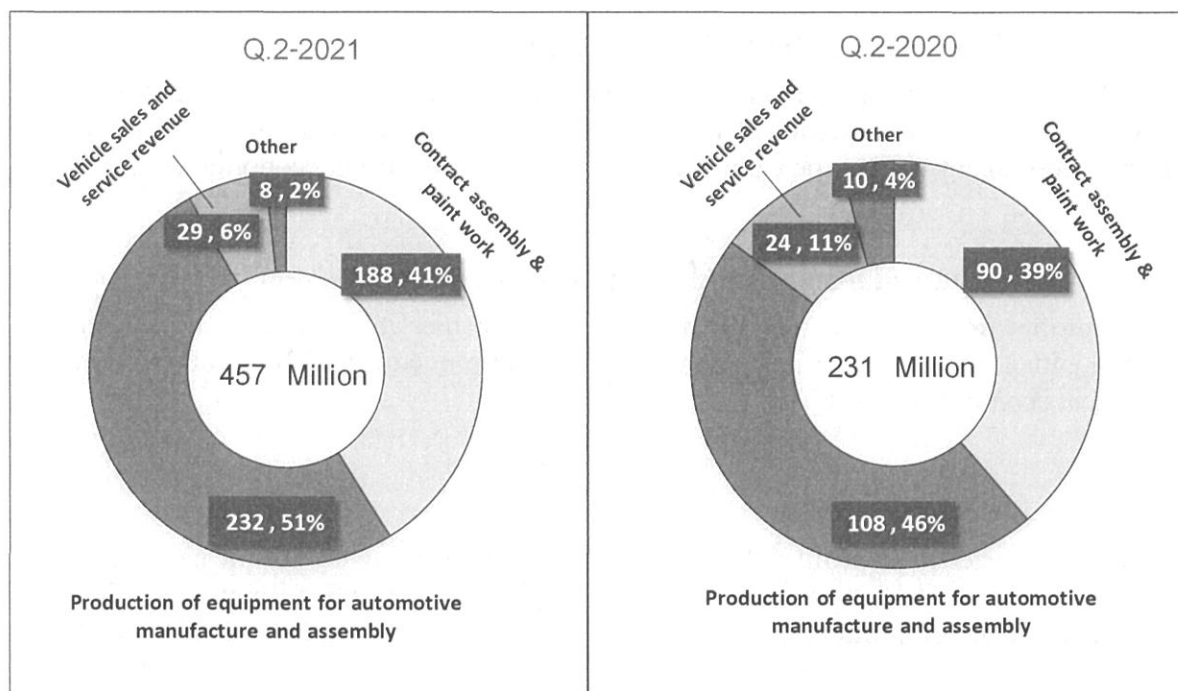
The Company's business is production and distribution in the automotive industry. Its consolidated results for Q2 2021, compared with those for Q2 2020, were as follows:

### **1.1 Consolidated Revenues**

Total consolidated revenues for Q2 2021, not including share in profit/(loss) of associates, amounted to Bt.457 million, representing an increase of Bt.225 million or 97% on the same quarter of the previous year, in line with the Thai automotive industry as a whole, due to the effects of the first wave of COVID-19 in the second quarter of last year which led to temporary plant closures and cuts in production capacity which in turn led to a sharp fall in the Company's revenues.

## Operating revenues by type of business

Q2 2021 up by Bt.225 million or 97% on Q2 2020



**Note:** Consolidated operating revenue and Other Income only (not including share of profit/(loss) of associates (joint ventures)).

- Revenue from the production of vehicle manufacturing equipment (die and jig making, plus the production and sale of parts, both OEM and spare) amounted to Bt.232 million, representing 51% of total sales and service revenue, showing an increase of Bt.124 million or 116% from Q2 of the previous year reflecting increased orders from auto parts customers as the economy begins to recover in response to stimulus measures and efforts to control and protect against COVID-19.
- Revenue from vehicle assembly and other vehicle-related contract work was Bt.188 million, representing 41% of total sales and service revenue, Bt.98 million or 110% more than in the same quarter of the previous year, largely thanks to increased orders from customers in the agricultural machinery sector in response to signs of economic recovery.
- Revenue from sales of vehicles and from service centres was Bt.29 million, representing 6% of total sales and service revenue and Bt.5 million or 21% up on the same quarter of the previous year.
- Other sales and service income, at Bt.8 million, 2% of total sales and service revenue, was down by Bt.2 million or 21% on Q2 of the previous year.

### **1.2 Cost of sales and service**

Consolidated cost of sales and service for the second quarter of 2021 was Bt.387 million, which as a proportion of sales and service revenue for the quarter was 86%, compared with 113% in Q2 2020, a decrease of 27 percentage points, due to the abnormal situation in Q2 2020 when revenue dropped sharply, And there are some fixed costs that cannot be greatly reduced due to the decreasing revenue. Nevertheless the Company endeavoured to manage variable costs in

line with lower production volume and put measures in place for the continuous reduction of production costs and increase of production efficiency.

### **1.3 Selling and administrative expenses**

Consolidated selling and administrative expenses for Q2 2021 amounted to Bt.60 million, unchanged from the same quarter of the previous year thanks to cost control and reduction measures taken to ensure that the Company can overcome the current economic crisis.

### **1.4 Share of profit/(loss) from investments in associates**

Share of profits from investments in joint venture companies in Q2 2021 was Bt.7 million, compared with a negative Bt.13 million in Q2 2020 an improvement of Bt.20 million reflecting the incipient economic recovery.

### **1.5 Net profit/(loss)**

The Company posted a net profit of Bt.10 million attributable to owners of the parent company for the second quarter of 2021, compared with a net loss of Bt.95 million in Q2 2020, an improvement of Bt.106 million, mainly due to increased sales as commented on in the section on Consolidated Revenues.

## **2. Analysis of Consolidated Balance Sheet at 30 June 2021 compared with 31 December 2020 (Bt. Millions)**

<b>Consolidated Balance Sheet</b>				THB millions	
<b>Assets</b>	<b>30-Jun-2021</b>	<b>31-Dec-2020</b>	<b>Change</b>	<b>%</b>	
Current assets	1,079	988	91	9%	
Investments in associates	475	463	12	3%	
Investment property, net	162	162	(0)	(0%)	
Property, plant & equipment, net	1,873	1,897	(25)	(1%)	
Right-of-use assets-net	18	47	(29)	(61%)	
Other non-current assets, net	132	129	3	2%	
<b>Total Assets</b>	<b>3,739</b>	<b>3,687</b>	<b>52</b>	<b>1%</b>	
<b>Liabilities</b>	<b>30-Jun-2021</b>	<b>31-Dec-2020</b>	<b>Change</b>	<b>%</b>	
Current liabilities	365	326	39	12%	
Non-current liabilities	86	80	5	7%	
<b>Total Liabilities</b>	<b>451</b>	<b>406</b>	<b>45</b>	<b>11%</b>	
<b>Equity</b>	<b>30-Jun-2021</b>	<b>31-Dec-2020</b>	<b>Change</b>	<b>%</b>	
Attributable to owners of the parent company	3,233	3,225	8	0%	
Non-controlling interests	55	56	(0)	(1%)	
<b>Total Equity</b>	<b>3,288</b>	<b>3,281</b>	<b>7</b>	<b>0%</b>	
<b>Total Liabilities and Equity</b>	<b>3,739</b>	<b>3,687</b>	<b>52</b>	<b>1%</b>	

Total consolidated assets at 30 June 2021 and 31 December 2020 stood at Bt.3,739 million and Bt.3,687 million respectively, representing an increase of Bt.52 million or 1%, the main items being as follows:

## **2.1 Assets**

**1. Current assets** at 30 June 2021 stood at Bt.1,079 million, up by Bt.91 million or 9% as a result of:

- Cash and cash equivalents at 30 June 2021 stood at Bt.197 million, Bt.24 million less than at year-end 2020 as result of an investment in a collective fund.
- Current financial assets at 30 June 2021 stood at Bt.190 million, Bt.80million more than at year-end 2020 due to the Company's investing in a collective investment fund in view of the relatively low levels of interest paid by the commercial banks.
- Net trade and other receivables at 30 June 2021 stood at Bt.346 million, Bt.43 million more than the 2020 year-end figure due to sales receivables not yet due.
- Current contract assets at 30 June 2021 stood at Bt.32 million, Bt.5 million up on year-end 2020 in line with receivables for die and jig making recognised on a percentage completed basis but not yet due.
- Inventories at 30 June 2021 stood at Bt.223 million, representing a decline of Bt.14 million on year-end 2020, reflecting improved control of inventory levels in line with production volumes.

**2. Investments in associates** (joint ventures) at 30 June 2021 stood at Bt.475 million, representing an increase of Bt.12 million, due to recognition of a Bt.14 million share of profits in joint ventures and the receipt of a Bt.2 million dividend from one of them.

**3. Property, plant & equipment** at 30 June 2021 stood at Bt.1,873 million, Bt.25 million down due to Bt.60 million of scheduled depreciation for the half-year, the transfer of right-of-use assets to property, plant and equipment for the corresponding carrying amounts totalling Bt.31 million at the end of the respective lease contracts and capital expenditure of Bt.4 million.

**4. Net right-of-use assets** at 30 June 2021 stood at Bt.18 million, down by Bt.29 million as a result of the Bt.31 million transfer referred to above, recognition in Q1 of a Bt.8 million right of use in respect of machinery as per IFRS 16 Leases and amortisation of Bt.6 million in the half-year in accordance with the contract.

**5. Other non-current assets, net** at 30 June 2021 stood at Bt.132 million, up by Bt. 3 million on the end of 2020.

## 2.2 Liabilities

Total consolidated liabilities at 30 June 2021 and 31 December 2020 stood at Bt.451 million and Bt.406 million respectively, representing an increase of Bt.45 million or 11% as a result of the following:

- Trade payables increased by Bt.34 million reflecting increased orders of raw materials for production in line with customer orders in June.
- Leasing liabilities decreased by Bt.1 million due to recognition of Bt.9 million of lease liabilities in respect of machinery as per IFRS 16 Leases and payment of Bt.10 million of lease liabilities as per contract.
- Corporation tax payable increase by Bt.12 million as a result of profit recognised for the half-year.

## 2.3 Equity

Consolidated equity at 30 June 2021 and 31 December 2020 stood at Bt.3,288 million and Bt.3,281 million respectively, representing an increase of Bt.7 million as a result of the Bt.27 million net profit for the half-year, recognition of a Bt.13 million share in profits of joint ventures, issue of shares and reserve for share-based payments of Bt.2 million in respect of the ESOP 2021 stock options project and payment of a Bt.35 million dividend to shareholders.

## 3. Liquidity

The Company's consolidated cash situation at 30 June 2021 showed a net decrease of Bt.24 million, with a cash position of Bt.197 million as per the following details.

### Thai Rung Union Car Plc

#### Consolidated statement of cash flows for the six months to 30 June 2021

	<b>Million</b>
Cash & cash equivalents at beginning of period	221
Net cash from operating activities	101
Net cash used in investing activities	(81)
<u>mainly from</u>	
o Increase in current financial assets	(79)
o Capital expenditure	(5)
o Interest received	2
o Disposal of fixed assets	1
Net cash used in financing activities	(44)
o Payment of dividend	(35)
o Finance lease rental payments	(9)
o Proceeds of issue of common shares	0.6
Cash & cash equivalents at end of period	197

#### 4. Finance Ratio

	30 Jun 2021	31 Dec 2020
<b>Financial ratios</b>		
- Liquidity ratio	2.95	3.03
- Quick ratio	2.20	2.16
- Net profit margin	2.22	(5.80)

The business is highly liquid, with current assets of three times the level of current liabilities.

#### 5. Auditor's Report

The auditor's have issued qualified opinion on the Company's consolidated financial statements due to the fact that the financial statements of the associate's management are used. Which have not been reviewed by the auditor of the associate and there is an associated company whose fiscal year ends on different date from the others.

Trusting this meets your requirements we remain,

Yours faithfully,



Phakkawat Suwanmajo  
Company Secretary

