



บริษัท ไทยเซ็นทรัลเคมี จำกัด (มหาชน)

THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED

21/35-46 อาคารไทยวา 1 ชั้น 14 -16 ถนนสาทรใต้ แขวงทุ่งมหาเมฆ เขตสาทร กรุงเทพฯ 10120

21/35-46 Thai Wah Tower 1,14-16th Fl., South Sathorn Rd., Thungmahamek, Sathorn, Bangkok 10120

Tel: (662) 639-8888 Fax: (662) 639-8999 E-mail : mailbox@thaicentral.co.th Website : www.tcccthai.com

ทะเบียนเลขที่ บมจ. 0107536000277 REG. No. 0107536000277

(Translation)

No. 029/2561

15 May 2018

Subject Clarification of the 1st quarter performance of the year 2018

To President
The Stock Exchange of Thailand

Enclosure Management Analysis and Discussion (MD&A)

Referred to rules and regulations of the SEC which provides that a listed company shall clarify reason in case of difference between company including its subsidiaries' performance of the current year and that of the corresponding period of the previous year exceeding 20%, the Company would like to clarify as follows.

Performance of the Company including its subsidiaries of the 1st quarter of 2018 shows Profit Attributable to Owners of the parent at the amount of THB 162 million, decreasing by THB 157 million or 49% when compared with Profit Attributable to Owners of the parent of the corresponding period of last year which showed THB 319 Million.

The reason of such result is shown in the Management Analysis and Discussion as in the attachment.

Please be informed accordingly.

Sincerely yours,

(Mr. Yoshihiro Tamura)

President & CEO

Management Discussion and Analysis (MD&A)

Business Overview

The Company would like to report the operational result of the Consolidated Financial Statement for the first quarter of year 2018 during January 1, 2018 to March 31, 2018. The first quarter of year 2018 showed Profit Attributable to Owners of parent at THB 162 Million, and Earnings per Share at THB 0.28. It decreased by THB 157 Million or 49% compared to the first quarter of year 2017, which showed Profit Attributable to Owners of parent at THB 319 Million and Earnings per Share at THB 0.55.

Thailand's economy, fueled by ceaseless export and flourishing tourism, continued to showed a steady growth in the first quarter of year 2018. In contrast, the agricultural sector saw a significant contraction. Despite the adequate water supply and expanding agricultural output, the large drop in agricultural prices, especially para rubber, had overwhelmed the gain in overall production. Thus, farm income and farmers' purchasing power decreased. Consequently, the chemical fertilizer consumption in Thailand notably dropped, resulting in the lower sales of the Company compared to the same period last year. In addition, the Company encountered the rising production cost amidst the increasing trend of raw material prices. These factors inevitably affected the Company's profitability in the first quarter of 2018.

The management had tried best to maintained flexibility of business administration and adjusted the policy to accommodate this business situation. In order to be resilient in the slowdown market and to maintain sales volume, the management focused more on selective advertising and promotion. Moreover, warehousing and packing facility in Myanmar about to be fully operated will help diversifying business portfolio and sustaining the Company's business.

Results of Operations and Profits

Unit : Thousand Baht	The 1st Quarter Jan - Mar (3 months)		Change
	2017	2018	%
Revenues from Sales and Services	2,008,227	1,663,702	(17)
Cost of Goods Sold and Rendering of Services	(1,500,320)	(1,304,392)	(13)
Gross Profit	507,907	359,310	(29)
Other Income	40,903	19,662	(52)
Profit Before Expenses	548,810	378,972	(31)
Selling and Administration Expenses	(145,716)	(162,029)	11
Profit Before Finance Costs and Income Tax Expense	403,094	216,943	(46)
Finance Costs	(784)	(400)	(49)
Share of Profit from Investment in an Associate	74	65	(12)
Profit Before Income Tax Expense	402,384	216,608	(46)
Income Tax Expense	(79,980)	(50,015)	(37)
Profit For The Period	322,404	166,593	(48)
Profit Attributable to Owners of parent	318,725	162,391	(49)
Total Comprehensive Income Attributable to Owners of parent	304,940	144,934	(52)

As affected by an unusual reduction in chemical fertilizer demand during the off season period, Revenues from Sales and Services decreased by 17% in the first quarter of year 2018. Meanwhile, Cost of Goods Sold decreased by 13%. The reductions of sales and Cost of Goods Sold were not proportionate because the increasing raw material prices had put an upward pressure on Cost of Goods Sold.

On the other hand, Selling and Administration Expenses increased by 11%. This results from an increase in advertising and promotion activities in order to keep the Company's position in the market during the low-demand but highly competitive period. In addition, the preparation of TCCC Myanmar to be fully operated in next quarter also resulted in a noteworthy increase in an administrative expense.

As a result, Total Comprehensive Income Attributable to Owners of parent for the first quarter of 2018 decreased by THB 160 million or 52% compared to the same period of year 2017.

Analysis of Liquidity and Capital Resources

Note to Statement of Financial Position (Consolidated)

Description	March 31, 2017		March 31, 2018	
	Thousand Baht	Percentage to Total Asset	Thousand Baht	Percentage to Total Asset
Current Assets	9,863,582	79	9,503,156	78
Non-current Assets	2,567,514	21	2,702,666	22
Total Assets	12,431,096	100	12,205,822	100
Current Liabilities	3,994,331	32	3,230,395	26
Non-current Liabilities	263,243	2	247,872	2
Shareholders' Equity	8,173,522	66	8,727,555	72
Total Liabilities and Shareholders' Equity	12,431,096	100	12,205,822	100

The Company's Total Assets was THB 12,206 million as at March 31, 2018, decreased by THB 225 million or 2% compared to March 31, 2017.

Main details of assets were as follows:

Description	March 31, 2017 Thousand Baht	March 31, 2018 Thousand Baht	Change %
Cash and cash equivalents	5,609,776	5,276,734	(6)
Total trade and other current receivables	1,045,269	1,182,454	13
Inventory	2,642,923	2,870,659	9
Assets	12,431,096	12,205,822	(2)

Cash and cash equivalents showed little decline by 6%. Meanwhile, Total trade and other current receivables increased by 13% due to the temporary credit term adjustment for some customers in order to increase the Company's competitiveness. In addition, Inventory increased by 9%, allowing the Company to promptly serve the slightly higher expected demand during the upcoming farming season.

Economic & Business Forecast 2018

The global economy towards the first half of year 2018 will be driven by continuous growth from the major economies such as the US, Europe and China. The easing tension in the Korean Peninsula can provide positive sentiment on global markets. These factors will be beneficial for Thailand's economy especially on export and tourism. However, the rise of protectionism and the changes of monetary policy in the big economies are still the cautionary factors that may reverse both global and Thailand's economic perspectives. Agricultural sector is expected to see a growth recovery as a result from optimal level of water supply and price recovery during farming season in the next quarter. Besides, active government supporting scheme for farmers is supposed to bring about a positive outlook for agricultural sector in the first half of year 2018.

The fertilizer consumption is largely dependent on the purchasing power of farmers and their confidence to start their crops in the beginning of cultivation season. The government supporting measures, agricultural price recovery and adequate water supply should help boosting farming activities and thus increase the fertilizer consumption. The company will keep monitoring these factors closely and will adjust the policy to accommodate the changes.

.....