



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. 053/2561

14 November 2018

Subject Clarification of the 3rd 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 3rd quarter of 2018 shows Profit Attributable to Owners of the parent at the amount of THB 402 million, decreasing by THB 309 million or 43% when compared with Profit Attributable to Owners of the parent of the corresponding period of last year which showed THB 711 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 3rd quarter of year 2018 during July 1, 2018 to September 30, 2018. The 3rd quarter of year 2018 showed Profit Attributable to Owner of the parent at THB 402 Million, and Earnings per Share at THB 0.69. It decreased by THB 309 Million or 43% compared with the 3rd quarter of year 2017, which showed Profit Attributable to Owner of the parent at THB 711 Million and Earnings per Share at THB 1.22.

Thailand's economy in the 3rd quarter of year 2018 expanded firmly due to the acceleration of private spending on investment and consumption. The continuous progresses of government infrastructure projects and the Eastern Economic Corridor (EEC) had raised confidence of private investment. In addition, the more broad-based increase in employment and rising consumer confidence helped boosting the domestic consumption. Merchandise exports also grew but at a slower pace in accordance with the global trade that were affected by the increasing fear of trade protectionism. Meanwhile, the tourism sector that had previously been seen as key to drive growth were becoming less influential as the Chinese travelers paid visits elsewhere. Given all these mixing sentiments, the GDP growth for year 2018 would be at an approximate of 4.5%.

The overall agricultural production quantity expanded moderately in the 3rd quarter of year 2018. However, the agricultural prices, led by para rubber, palm oil and sugarcane, continued to contract. As a result, farm income increased only 1.3% compared with the same quarter in the previous year. This small increase did not significantly change the farmers' wealth and thereby their purchasing power remained low. The chemical fertilizer consumption was inevitably affected by the farmers' financial situation. Albeit the necessity of the chemical fertilizer usage in farming activities, farmers opted to use cheaper but less effective fertilizer formulas for their farms. This results in lower than expected demand values for chemical fertilizer despite during the high farming season.

Under the aforementioned economic situation, the management maintained flexibility of business administration and adjusted the policy to accommodate the rising raw material costs

and currency exchange risk. Sales promotion campaigns were also strategically launched to match with the ever changing and highly competitive market. To achieve higher growth, the management increasingly focused on expansion to markets in neighboring countries especially Myanmar, Laos and Cambodia where there are still rooms to grow. Moreover, the management are making efforts on creating new strategic initiatives and projects to encounter changes and generate new values for the Company.

Results of Operations and Profits

Unit : Thousand Baht	The 3rd Quarter Jul - Sep (3 months)		Change
	2017	2018	%
Revenues from Sales and Services	3,966,653	3,374,228	(15)
Cost of Goods Sold and Rendering of Services	(2,907,895)	(2,666,503)	(8)
Gross Profit	1,058,758	707,725	(33)
Other Income	28,413	27,820	(2)
Profit Before Expenses	1,087,171	735,545	(32)
Selling and Administration Expenses	(193,913)	(223,219)	15
Profit Before Finance Costs and Income Tax Expense	893,258	512,326	(43)
Finance Costs	(811)	(485)	(40)
Share of Profit from Investment in an Associate	76	74	(3)
Profit Before Income Tax Expense	892,523	511,915	(43)
Income Tax Expense	(178,422)	(105,687)	(41)
Profit for the Period	714,101	406,228	(43)
Profit Attributable to Owners of Parent	710,803	401,771	(43)
Total Comprehensive Income Attributable to Owners of Parent	703,298	393,342	(44)

Revenues from Sales and Services of the Company in the 3rd quarter of year 2018 showed THB 3,374 Million which decreased by THB 593 Million or 15% compared with THB 3,967 Million of the same quarter of year 2017. The decrease was due to sales quantity decrease amidst the sluggish purchasing power of farmers. On the other hand, Cost of Goods Sold and Rendering of Services decreased by THB 241 Million or 8%. The disproportionate decrease of Sales Revenue and Cost of Goods Sold was owed to the rising raw material costs. In the meantime, Selling and Administration Expenses increased by THB 29 Million or 15% as the sales campaign had been boosted to maintain the Company's edge in the high competitive market.

From all reasons mentioned above, Total Comprehensive Income Attributable to Owners of the parent in the 3rd quarter of year 2018 was THB 393 Million, decreased by THB 310 Million or 44% compared with THB 703 Million in the same quarter of year 2017.

Analysis of Liquidity and Capital Resources

Main Components of Statement of Financial Position (Consolidated)

Description	September 30, 2017		September 30, 2018	
	Thousand Baht	Percentage to Total Asset	Thousand Baht	Percentage to Total Asset
Current Assets	8,700,884	77	8,707,856	76
Non-current Assets	2,667,797	23	2,692,184	24
Total Assets	11,368,681	100	11,400,040	100
Current Liabilities	1,480,674	13	1,314,155	12
Non-current Liabilities	265,990	2	257,113	2
Shareholders' Equity	9,622,017	85	9,828,772	86
Total Liabilities and Shareholders' Equity	11,368,681	100	11,400,040	100

As of the end of 3rd quarter of year 2018, Total Assets of the Company showed THB 11,400 Million increased by THB 31 million or 0.3% compared with the same period of year 2017. More details of assets are as follows:

Description	September 30, 2017 Thousand Baht	September 30, 2018 Thousand Baht	Change %
Cash, cash equivalents and current investments	5,379,089	5,271,201	(2)
Total trade and other receivables	953,601	929,113	(3)
Inventory	2,367,778	2,507,292	6
Assets	11,368,681	11,400,040	0

As of the end of 3rd quarter of year 2018, there were no significant changes in Cash, cash equivalents and current investments as well as the Total trade and other receivables. On the other hand, despite its decrease in quantity, Inventory amount increased by 6% due to the effect of higher raw material prices.

As of the end of 3rd quarter of year 2018 compared with the same period of year 2017, Total Liabilities of the Company showed THB 1,571 Million, decreased by THB 175 Million or 10%. Shareholders' Equity of the Company showed THB 9,829 Million, increased by THB 207 Million or 2%.

Economic & Business Forecast 2018

The global economy is set to see less synchronized growth in several regions. While the US economy continues to grow, other major economies such as China, Japan and Europe will encounter more risk on fear of trade wars and geopolitical uncertainties. Besides, the tightening monetary policy in the US could result in dollar's appreciation and thus inevitably affect the overall global economies especially in emerging markets. These mixing sentiments pose uncertainties to Thailand's economy especially in export and tourism sector. Likewise, the agricultural sector remains vulnerable amidst the low agricultural price and swift change of global trade and supply chain patterns.

The chemical fertilizer consumption in the off-season period will depend on the purchasing power of farmers and their confidence to start the off-seasonal crops. The government policy suggesting farmers to cultivate on the less water consuming crops such as vegetables and corn could change the fertilizer consumption patterns in the last quarter of 2018. The company will keep monitoring these factors closely and will adjust the policy to accommodate the changes.

.....