



บริษัท ไทยเซ็นทรัลเคมี จำกัด (มหาชน)

THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED

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Subject Clarification of the 3rd quarter of year 2019 performance

To President
The Stock Exchange of Thailand

Enclosure Management Analysis and Discussion (MD&A)

Thai Central Chemical Public Company Limited would like to submit Management Analysis and Discussion (MD&A) of the 3rd quarter of year 2019 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 2019 during July 1, 2019 to September 30, 2019. The 3rd quarter of year 2019 showed Profit Attributable to Owner of the parent at THB 375 Million, and Earnings per Share at 0.64 THB. It decreased by THB 27 Million or 7% compared with the 3rd quarter of year 2018, which showed Profit Attributable to Owner of the parent at THB 402 Million and Earnings per Share at 0.69 THB.

Overall, Thailand Economy in the 3rd quarter of 2019 grew at a slower pace. The ongoing US-China trade war, coupled with strong baht appreciation, had led to fewer export especially in electronic products and less tourists' spending respectively. In addition, the sluggish global demand had contributed to the decelerated growth in domestic consumption reflected by the drop in real estate and automotive sales. Consequently, these factors prompted several government agencies and research institutions to reduce this year's growth from 4% in the early of 1st quarter to approximately below 3% in the 3rd quarter.

The agricultural sector in the third quarter of 2019 was still badly hit by the drought in major cultivation areas. The inadequate rainfalls had made it difficult for farmers to start farming normally in the season. Meanwhile, the major crop prices such as palm oil and para rubber had not shown much of improvements. Inevitably, the chemical fertilizer industry was affected by such difficulties as farmers cannot apply fertilizer or even start the cultivation despite being in the farming season.

Under the aforementioned circumstances, the management focused on controlling the cost of operations by managing raw material costs, exchange rate risks and expenditures. In the meantime, weather and customers' inventory situation were constantly monitored in order to create marketing and promotion activities that suit specific locations.

Results of Operations and Profits

Unit : Thousand Baht	The 3rd Quarter Jul - Sep (3 months)		Change
	2018	2019	%
Revenues from Sales and Services	3,374,228	2,988,643	(11)
Cost of Goods Sold and Rendering of Services	(2,666,503)	(2,329,477)	(13)
Gross Profit	707,725	659,166	(7)
Other Income	27,820	22,781	(18)
Profit Before Expenses	735,545	681,947	(7)
Selling and Administration Expenses	(223,219)	(199,371)	(11)
Profit Before Finance Costs and Income Tax Expense	512,326	482,576	(6)
Finance Costs	(485)	(1,487)	207
Share of Profit from Investment in an Associate	74	85	15
Profit Before Income Tax Expense	511,915	481,174	(6)
Income Tax Expense	(105,687)	(101,452)	(4)
Profit for the Period	406,228	379,722	(7)
Profit Attributable to Owners of the Parent	401,771	374,634	(7)
Total Comprehensive Income Attributable to Owners of the Parent	393,342	372,290	(5)

Revenue from Sales and Services of the Company in the 3rd quarter of year 2019 was THB 2,989 Million, decreased by 11% when compared with THB 3,374 Million of the same quarter of year 2018 due to the drought. The Cost of Goods Sold and Rendering of Services, in tandem with the decline in sales volume, decreased by 13% when compared with the same quarter of year 2018. Consequently, Gross Profit decreased by 49 Million or 7%. Meanwhile, Selling and Administration Expenses decreased by THB 24 Million or 11% as the management controlled the budget in accordance with market conditions.

From all reasons mentioned above, Total Comprehensive Income Attributable to Owners of the parent in the 3rd quarter of year 2019 was THB 372 Million, decreasing by THB 21 Million or 5% when compared with THB 393 Million in the same quarter of year 2018.

Analysis of Liquidity and Capital Resources

Description	September 30, 2018		September 30, 2019	
	Thousand Baht	Percentage to Total Asset	Thousand Baht	Percentage to Total Asset
Current Assets	8,707,856	76	8,742,222	77
Non-current Assets	2,692,184	24	2,575,737	23
Total Assets	11,400,040	100	11,317,959	100
Current Liabilities	1,314,155	12	1,217,382	11
Non-current Liabilities	257,113	2	269,900	2
Total Liabilities	1,571,268	14	1,487,282	13
Shareholders' Equity	9,828,772	86	9,830,667	87
Total Liabilities and Shareholders' Equity	11,400,040	100	11,317,959	100

As of the end of 3rd quarter of year 2019, Total Assets of the Company showed THB 11,318 Million decreased by THB 82 million or 1% compared with the same period of year 2018. More details of assets are as follows:

Description	September 30, 2018 Thousand Baht	September 30, 2019 Thousand Baht	Change %
Cash, cash equivalents and current investments	5,271,201	5,882,222	12
Total trade and other current receivables	929,113	725,287	(22)
Inventories	2,507,292	2,134,643	(15)
Assets	11,400,040	11,317,959	(1)

Cash, cash equivalents and current investments increased by 12 % whereas total trade and other receivables decreased by 22%. The significant decrease of total trade and other receivables was due to the Company's measures for tightening up its accounts receivable practice to accelerate cash collection. In the meantime, the Company's inventories showed a decrease by 15% which resulted from the Company's inventories' control to meet market demand.

As of the end of 3rd quarter of year 2019 in comparison with the same period of year 2018, Total Liabilities of the Company were THB 1,487 Million representing a decrease by THB 84 Million or 5% while Shareholders' Equity of the Company was THB 9,831 Million representing an increase by THB 2 Million or 0.02%.

Economic & Business Forecast 2019

The world economy is expected to remain stagnant because of the increasing threats from ongoing trade war, major countries exposing to economic recession and geopolitical uncertainties. Therefore, Thailand, will be of no exception, could be exposed to higher risks as it is an export-led and tourism-based country, which will in turn affect the country's overall growth performance.

The fertilizer consumption during the off season period will be determined by farmers' purchasing power as well as by their willingness to cultivate during the period. The government's price guarantee scheme is one factor that can potentially increase farmers' purchasing power and their willingness to purchase. In addition, adequate rainfall is the other important factor that motivates farmers to cultivate and apply chemical fertilizers. Therefore, the Company will closely monitor these factors and will adjust the policy to be flexible enough to accommodate changes in the industry.

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