



**บริษัท ไทยเซ็นทรัลเคมี จำกัด (มหาชน)**  
**THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED**

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(Translation)

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Subject Clarification of the 3<sup>rd</sup> quarter performance of the year 2020

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 3<sup>rd</sup> quarter of 2020 shows Total Comprehensive Income Attributable to Owners of the parent at the amount of THB 711 million, increasing by THB 339 million or 91% when compared with Total Comprehensive Income Attributable to Owners of the parent of the corresponding period of last year which showed THB 372 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

Corporate Secretary Tel. 0-2639-8888 ext. 8909



## Management Discussion and Analysis (MD&A)

### Key Summary

- Due to the supporting factors including the weather and market conditions, the Company was able to gain an increase in total comprehensive income attributable to owners of the parent in the 3<sup>rd</sup> quarter, from THB 372 million in 2019 to THB 711 million in 2020 or 91%.
- Furthermore, the relaxation of lockdown measures allowed the Company to resume arranging marketing and sales events on an area basis. In other words, more activities were carried out to help raise brand awareness and increase sales respectively.
- Fertilizer consumption in the 4<sup>th</sup> quarter will largely depend on the availability of water during the off-season. Moreover, the government's price guarantee scheme for major crops can also prompt growers to start cultivation earlier than usual.

### Business Overview

The Company would like to report the operational result of the Consolidated Financial Statement for the 3<sup>rd</sup> quarter of 2020 during July 1, 2020 to September 30, 2020. The 3<sup>rd</sup> quarter of 2020 showed Total Comprehensive Income Attributable to Owners of the parent at THB 711 Million, and Earnings per Share at 1.21 THB. It increased by THB 339 Million or 91% compared with the 3<sup>rd</sup> quarter of 2019, Main factor contributing to an increase in both figures was resulting from the rising demand for chemical fertilizer during the main cultivating season.

Overall, Thailand's economy in the 3<sup>rd</sup> quarter of 2020 slightly improved because more economic activities were held domestically after the lockdown easing. Although, the effect of a



second outbreak of COVID-19 in many countries still caused an obstacle to the resumption of Thailand's export and tourism sectors, the better signs of domestic consumption and the continuation of government spending were two important factors driving the country to gradually recover. Therefore, relevant government authorities and research agencies expected that the 2020 GDP growth would be better than the previous prediction from above - 8% to below - 8%.

Thai agricultural sector showed an improvement during the 3<sup>rd</sup> quarter of 2020. The accumulated rainfall since the 2<sup>nd</sup> quarter contributed to a substantial water resource that trigger growers' willingness to cultivate during the main season. Moreover, the price of major crops such as paddy, palm oil and para rubber were attractive enough for growers to take risk in spite of having low purchasing power. Consequently, both factors increased the domestic demand for chemical fertilizers following the favorable situation.

Apart from the positive environment and market that enabled the Company to achieve a better performance, the Management also paid attention to operational management to ensure a low cost position by managing raw materials, exchange rate risks and production efficiency. In addition, since Thailand was loosening up restrictions on the COVID-19 pandemic, the Company can conduct more physical marketing and sales activities while at the same time maintaining its online activities. As a result, the Company earned an increase in Total Comprehensive Income Attributable to Owners of the parent comparing with the same quarter of previous year.



## Results of Operations and Profits

Unit : Thousand Baht	3rd Quarter		Change
	Jul - Sep (3 months)		
	2019	2020	%
Revenues from Sales and Services	2,988,643	3,703,871	24
Cost of Goods Sold and Rendering of Services	(2,329,477)	(2,658,606)	14
Gross Profit	659,166	1,045,265	59
Other Income	22,781	35,599	56
Profit Before Expenses	681,947	1,080,864	58
Selling and Administration Expenses	(199,371)	(197,709)	(1)
Profit From Operating Activities	482,576	883,155	83
Finance Costs	(1,487)	(1,163)	(22)
Share of Profit from Investment in an Associate	85	44	(48)
Profit Before Income Tax Expense	481,174	882,036	83
Income Tax Expense	(101,452)	(170,532)	68
Profit for the Period	379,722	711,504	87
Profit Attributable to Owners of the Parent	374,634	707,077	89
Total Comprehensive Income Attributable to Owners of the Parent	372,290	711,189	91

The Company's Revenue from Sales and Services in the 3<sup>rd</sup> quarter increased from THB 2,989 Million in 2019 to THB 3,704 Million in 2020, or up by 24% year on year. The reason for such increase was mainly due to the adequacy of accumulated rainfall that induced growers to cultivate. Furthermore, the overall situation in exporting markets also benefited the Company's sales performance. Therefore, these factors led to a rise in the Company's Gross Profit by THB 386 Million or 59%. In the meantime, the Company was still able to manage Selling and Administration Expenses at the same level even though more sales and marketing activities on area basis were conducted,

From all reasons mentioned above, Total Comprehensive Income Attributable to Owners of the parent in the 3<sup>rd</sup> quarter of 2020 was THB 711 Million, increasing by THB 339 Million or 91% when compared with THB 372 Million in the same quarter of 2019.



## Analysis of Liquidity and Financial Position

### Main Components of Statement of Financial Position (Consolidated)

Description	September 30, 2019		September 30, 2020	
	Thousand Baht	Percentage to Total Asset	Thousand Baht	Percentage to Total Asset
Current Assets	8,742,222	77	10,114,612	80
Non-current Assets	2,575,737	23	2,517,807	20
<b>Total Assets</b>	<b>11,317,959</b>	<b>100</b>	<b>12,632,419</b>	<b>100</b>
Current Liabilities	1,217,382	11	1,643,965	13
Non-current Liabilities	269,900	2	332,711	3
<b>Total Liabilities</b>	<b>1,487,282</b>	<b>13</b>	<b>1,976,676</b>	<b>16</b>
<b>Total Shareholders' Equity</b>	<b>9,830,677</b>	<b>87</b>	<b>10,655,743</b>	<b>84</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>11,317,959</b>	<b>100</b>	<b>12,632,419</b>	<b>100</b>

As of the end of 3<sup>rd</sup> quarter in 2020, Total Assets of the Company showed THB 12,632 Million, increased by THB 1,314 Million or 12% compared with the same period of 2019. More details of assets are as follows:

Description	September 30, 2019	September 30, 2020	Change %
	Thousand Baht	Thousand Baht	
Cash, cash equivalents and current investments*	5,882,222	7,274,246	24
Total trade and other receivables	725,287	895,259	23
Inventory	2,134,643	1,940,202	(9)
<b>Assets</b>	<b>11,317,959</b>	<b>12,632,419</b>	<b>12</b>

\*Current investments is defined as a time deposit account with maturity date over 3 months to less than 1 year and classified under other current financial assets in the statement of financial position following the standard of Thai Financial Reporting Standard (TFRS) No. 9

Cash, cash equivalents and current investments showed a significant year-on-year increase by 24% from THB 5,882 Million in the 3<sup>rd</sup> quarter of 2019 to THB 7,274 Million in the same period of 2020 as the Company still focused on maintaining a strong cash position even though the domestic economy started to recover. At the same time, a high demand for chemical fertilizer



during the main season resulted in a 23% rise in Total trade and other receivables as well as a 9% decrease in the Company's Inventory.

Total Liabilities of the Company were THB 1,977 Million representing an increase by THB 490 Million or 33% while Shareholders' Equity of the Company was THB 10,656 Million representing an increase by THB 825 Million or 8%.

### Economic & Business Forecast 2020

The world economy in the 4<sup>th</sup> quarter will depend on the impact from the second wave of COVID-19. Although the result of the US presidential election could give a clearer picture on the future direction of the global economy, the recurring outbreak can cause a slowdown in economic activities that hinders the development of expected recovery. Furthermore, given the tense political climate in the country, Thailand is likely to face several incidents that could stall the country from economic revival. Thus, government's stimulus packages on domestic consumption and investment will remain as crucial factors to help restoring the economy.

Since cultivating activities are normally low during the last quarter, the demand for chemical fertilizers during the off-season period will be determined by growers' willingness to cultivate. Therefore, the new round of the government's price guarantee scheme on major crops and the sufficient level of water supply from major dams are crucial factors to increase growers' confidence to start agricultural activities during the dry season. The Company will keep monitoring these factors closely as well as being responsive to any changes that might occur during this period.

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