



บริษัท ไทยเซ็นทรัลเคมี จำกัด (มหาชน)

THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED

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Subject Clarification of the 3rd quarter performance of the year 2017

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 performance of the company including its subsidiaries' 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 2017 shows Profit Attributable to Owners of the parent at the amount of THB 711 million, decreasing by THB 330 million or 32% when compared with Profit Attributable to Owners of the parent of the corresponding period of last year which showed THB 1,041 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. Kyosuke Sasaki)

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 2017 during July 1, 2017 to September 30, 2017. The 3rd quarter of year 2017 showed Profit Attributable to Owner of the parent at THB 711 Million, and Earnings per Share at THB 1.22. It decreased by THB 330 Million or 32% compared with the 3rd quarter of year 2016, which showed Profit Attributable to Owner of the parent at THB 1,041 Million and Earnings per Share at THB 1.78.

Overall, Thailand's economy showed firm expansion in the 3rd quarter of year 2017 on account of stronger export growth and the continued flourishing tourism sector driven by a robust recovery of global economy. The domestic consumption, especially by middle and lower income groups, still showed little sign of improvement as a result of falling farm income and high level of household debt despite numerous efforts of the government to boost the purchasing power. With all these factors, it is forecasted that the economic growth rate for year 2017 would be approximately 3.8%.

Despite the adequate rainfall and the expansion of agricultural production, the farm income continued to shrink due to the decreased agricultural prices especially in rubber and sugar. As a result, the purchasing power of farmers as well as their confidences were dwindled. Besides, the government agricultural supporting schemes that could have otherwise boosted the farmer's spending on chemical fertilizer were limited in the 3rd quarter of year 2017. Consequently, these external factors had inevitably weakened the demand for chemical fertilizer in the 3rd quarter of year 2017 compared with the same period last year.

Under the aforementioned economic situation, the management has maintained flexibility of business administration and adjusted the policy to accommodate raw material costs fluctuation and currency exchange risk. For expanding sales volume in order to attain sustainable growth, the Company carried out construction of a new fertilizer packing facility in Myanmar that will boost export of the Company's products to Myanmar market. The commercial operation of the new facility is expected to start in the beginning of year 2018.

Results of Operations and Profits

Note to Statement of Profit or Other Comprehensive Income (Consolidated)

Unit : Thousand Baht	The 3rd Quarter Jul - Sep (3 months)		Change
	2016	2017	%
Revenues from Sales and Services	4,954,319	3,966,653	(20)
Cost of Goods Sold and Rendering of Services	(3,479,047)	(2,907,895)	(16)
Gross Profit	1,475,272	1,058,758	(28)
Other Income	35,954	28,413	(21)
Profit Before Expense	1,511,226	1,087,171	(28)
Selling and Administration Expenses	(206,629)	(193,913)	(6)
Profit Before Financial Costs and Tax	1,304,597	893,258	(32)
Financial Costs	(1,885)	(811)	(57)
Share of Profit from Investment in an Associate	63	76	21
Profit Before Income Tax	1,302,775	892,523	(31)
Income Tax	(258,691)	(178,422)	(31)
Profit For The Period	1,044,084	714,101	(32)
Profit Attributable to Owners of the parent	1,040,726	710,803	(32)
Total Comprehensive Income Attributable to Owners of the parent	1,040,726	703,298	(32)

Revenues from Sales and Services of the Company in the 3rd quarter of year 2017 showed THB 3,967 Million which decreased by THB 988 Million or 20% compared with THB 4,954 Million of the same quarter of year 2016. Besides, Cost of Goods Sold and Rendering of Services decreased by THB 571 Million or 16%. Both decreases were mainly due to the low domestic chemical fertilizer demand and the highly price-competitive market. In the meantime, Selling and Administration Expenses decreased by THB 13 Million or 6% as the Company had tried best to manage and control expenses under the current business circumstance.

From all reasons mentioned above, Total Comprehensive Income Attributable to Owners of the parent in the 3rd quarter of year 2017 was THB 703 Million, decreased by THB 338 Million or 32% compared with THB 1,041 Million in the same quarter of year 2016.

Analysis of Liquidity and Capital Resources

Note to Statement of Financial Position (Consolidated)

Description	September 30, 2016		September 30, 2017	
	Thousand Baht	Percentage to Total Asset	Thousand Baht	Percentage to Total Asset
Current Assets	8,672,782	77	8,700,884	77
Non-current Assets	2,630,475	23	2,667,797	23
Total Assets	11,303,257	100	11,368,681	100
Current Liabilities	1,819,215	16	1,480,674	13
Non-current Liabilities	274,381	2	265,990	2
Shareholders' Equity	9,209,661	82	9,622,017	85
Total Liabilities and Shareholders' Equity	11,303,257	100	11,368,681	100

As of the end of 3rd quarter of year 2017, Total Assets of the Company showed THB 11,369 Million increased by THB 66 million or 1% compared with the same period of year 2016. More details of assets are as follows:

Description	September 30, 2016	September 30, 2017	Change
	Thousand Baht	Thousand Baht	%
Cash, cash equivalents, and temporary investments	5,382,398	5,379,089	(0)
Total trade and other receivables	1,218,919	953,601	(22)
Inventory	2,070,204	2,367,778	14
Assets	11,303,257	11,368,681	1

As of the end of 3rd quarter of year 2017, Inventory increased by 14%. Meanwhile, Total trade and other receivables showed a significant decrease by 22%. These two changes indicated that the fertilizer demand was not as much as the same period last year.

As of the end of 3rd quarter of year 2017 compared with the same period of year 2016, Total Liabilities of the Company showed THB 1,747 Million, decreased by THB 347 Million or 17%. Shareholders' Equity of the Company showed THB 9,622 Million, increased by THB 412 Million or 4%.

Economic & Business Forecast Q4, 2017

The global economy in the last quarter of 2017 will be driven by continuous growth from the major economies such as the US, Europe and China. The growth in these countries will be the main impetus for Thailand's economy especially in export and tourism sector. However, the low agricultural price and the limited purchasing power of middle and low income groups will still remain as caution for Thailand's economy towards the end of 2017.

The fertilizer consumption, as entering the off-season period, will largely depend on the purchasing power of farmers and their confidence to start the dry season crops. The government supporting measures should help boosting the off-seasonal activities and hence increase the fertilizer consumption. The company will keep monitoring these factors closely and will adjust the policy to accommodate the changes.

