



PATKOL

Public Company Limited

SINCE 1965

February 22, 2019

Re: Management Discussion and Analysis for the year December 31 ,2018

To: The Registrar, Stock Exchange of Thailand

Patkol Public Company Limited and its subsidiaries ("the Company") would like to clarify the operating results and the financial position of the Company and subsidiaries for the accounting period ended 31 December 2018, compared to the same period of the previous year as follows

Company performance For the period ended December 31, 2018

1. Sales and service income

The company has sales and service income of 3,824 million baht, a decrease of 908 million baht or 19% and a net loss of 17 million baht, a decrease of 255 million baht or 107% compared to 2017 with revenue from Sales and services of 4,731 million baht and net profit of 238 million baht, respectively, classified into domestic and foreign sales and services at 80:20 percent.

Million Baht	Consolidation method				The Company			
	2018	2017	Different		2018	2017	Different	
Sales and service income	3,824	4,731	-908	-19%	3,300	4,190	-890	-21%
Cost of sales and services	-2,903	-3,538	-634	-18%	-2,609	-3,170	-562	-18%
Gross Profit	921	1,194	-273	-23%	692	1,020	-328	-32%
Other Income	78	65	13	20%	104	92	12	13%
Distribution costs	-311	-328	-17	-5%	-267	-289	-22	-8%
Administrative expenses	-650	-577	73	13%	-509	-461	48	10%
Finance cost - Interest expenses	-41	-31	10	32%	-28	-21	7	33%
Corporate income tax	-10	-82	-72	-88%	-2	-69	-67	-97%
Earnings (Loss) for the Period	-14	240	-255	106%	-12	270	-282	-104%
Non controlling interest	3	2	1	-39%	0	0	0	0%
Net Earnings (Loss)	-17	238	-255	107%	-12	270	-282	-104%



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Domestic sales revenue was 3,067 million baht, a decrease of 884 million baht or 22.37% mainly due to the slowdown in domestic ice machine orders and delaying investment of domestic operators and decreasing in domestic ice demand and the tremendous sales growth in 2017 causing operators to slow down their investment in 2018. Overseas sales revenue is 757 million baht, a decrease of 23 million baht or 2.95%, mainly due to the slowdown in the purchase of ice machines in the Philippines and Malaysia. However, in Indonesia there are still more orders compared to the year 2017.

2. Gross Profit

The gross profit of the Company was 921 million baht, a decrease of 273 million baht or 23% equivalent to the gross profit margin of 24.08% down from the gross profit margin of 25.23% when compared to the same period of the previous year. The Company still maintain the ratio of gross profit margin not to lower as compared to the sales decline.

3. Other Income

Other income is the revenue generated from other business operations of the Company, such as gains from exchange rate, interest income, and bad debts received afterwards. For the year 2018, the Group has other revenues totaling 78 Million baht increased by 13 million baht or 20% in the same period of last year.

4. Distribution costs

For the year 2018, the company had administrative expenses of 650 million baht, an increase of 73 million baht or 13%, representing 16.89% of total sales revenue, increasing from 12.19% when compared to the period. Same as last year Mainly due to (1) increased expenses related to employees and (2) computer technology expenses

5. Finance cost

The company had finance costs of 41 million baht, an increase of 10 million baht or 32% compared to the same period last year. The company has entered into long-term loan agreements with financial institutions for the construction of an office building, Khon Kaen branch and the subsidiary's factory.



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6. Corporate income tax

In 2018, the Company had income tax of Baht 10 million, decreased by Baht 72 million or 87% compared to the same period of last year due to the company have lower revenue from sales and services resulting in a lower net profit.

Yours faithfully,

PATKOL PUBLIC COMPANY LIMITED

(Mr.Sangchai Chotchuangchutchaval)
Chief Executive Officer

