

Ref: PCL 2018/002

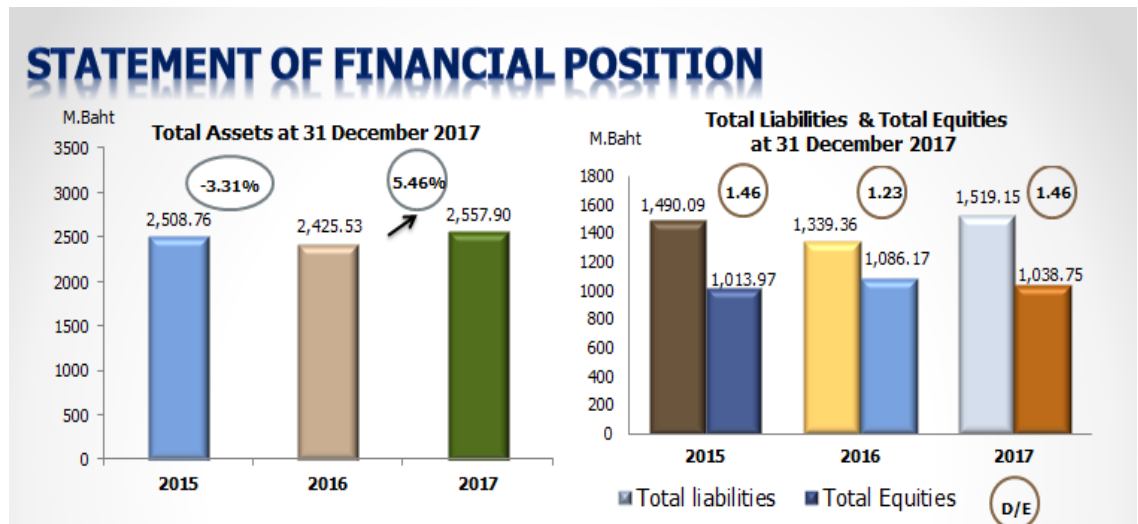
February 14, 2018

Subject: Management Discussion and Analysis Yearly Ended 31 December 2017

To: The President of the Stock Exchange of Thailand

Panjawattana Plastic Public Company Limited and its subsidiaries ("the Company") would like to clarify herewith the operating result for the year 2017 as follows:-

Financial Position

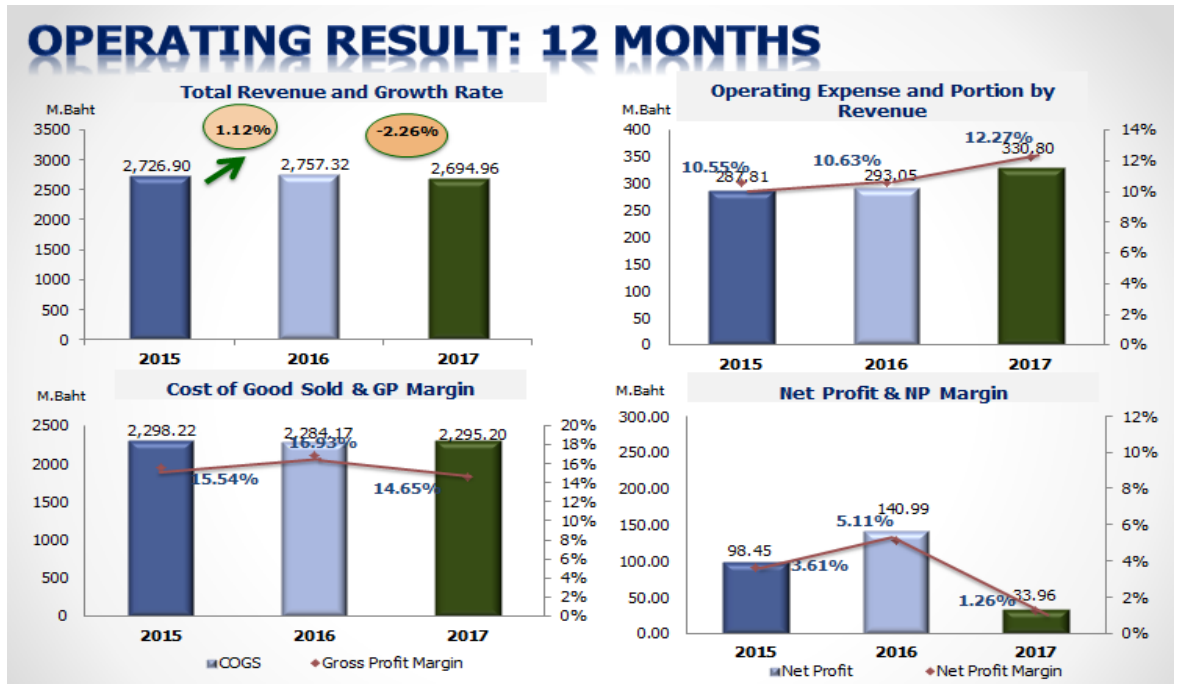


As at 31 December 2017, total consolidated assets of the Company and its subsidiary increased by Baht 132.37 million or 5.46% compared with last year, mostly due to an incremental in cash and cash equivalents of Baht 72.40 million which resulting from cash paid-in for increase in share capital of subsidiary in China during September and October 2017. In addition, property, plant and equipment increased by Baht 67.89 million which were new machines that ordered since last year but the shipment delayed until the early of this year and were the investment for machine and equipment improvement.

As at 31 December 2017, the consolidated liabilities of the Company and its subsidiary increased by Baht 179.79 million compare with last year, mainly resulting from a higher long-term loan in Quarter 4 in order to reduce the burden from bank overdrafts and short-term and to support business expansion in the future. The consolidated long-term loan in non-current liabilities increased by Baht 135.25 million, and consequently, as at 31 December 2017, has higher consolidated debt to equity ratio at 1.46 (as at 31 December 2016: 1.23)



Operating result



For the year 2017, the consolidated net profit of the Company and its subsidiary was Baht 33.96 million, reduced by Baht 107.03 million, or 75.91% from last year. The main reasons were as follows:-

1. The consolidated sales decreased by Baht 62.36 million or 2.26% because sales of customer in oil packaging dropped from slacked domestic market during Quarter 3. However, the market situation started to recover in the late of the Quarter 4. Moreover, sales of customer in packaging for milk and yogurt segment dropped due to the contraction of export. For plastic automotive part customers, sales decreased because some parts are in the end of the model life and are going to have some minor changes.
2. The consolidated gross profit margin was 14.65%, decreased from last year at 16.93% due to the declining in sales whereas depreciation was higher from machine acquisition and plant and equipment improvement expenditure.
3. The consolidated net profit margin was 1.26%, decreased from last year at 5.11%, mostly caused by the reduction in gross profit margin while selling and administrative expenses in proportional to sale increased especially for the preparation for new model of automotive and painting segment.

Please be informed accordingly

Sincerely yours

(Mrs. Prim Chaiyawat)

Company's Secretary