



บริษัท เอ็นเอฟซี จำกัด (มหาชน)
NFC PUBLIC COMPANY LIMITED

ทะเบียนเลขที่ 0107538000495
Registration No. 0107538000495

เลขที่ 88 อาคาร เอสซี กรุ๊ป ชั้น 3 ถนนเดอะพาร์คแลนด์ แขวงบางนา เขตบางนา กรุงเทพฯ 10260
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NFC 074/2018

August 10, 2018

Subject: To submit Financial Statements and clarification of the Operating Results changed more than 20% for the 2nd quarter ended June 30, 2018.

Attention: Director and Manager
The Stock Exchange of Thailand (“SET”)

Attachment: 1. Copy of interim financial statements for the 2nd quarter ended June 30, 2018.
2. Management discussion and analysis for the 2nd quarter ended June 30, 2018.

NFC Public Company Limited (“the Company”) would like to submit the interim financial statements the 2nd quarter ended June 30, 2018, which had already reviewed from Auditor to SET, with opinion that the financial statements were accurate and sufficient for investors along with description Management Discussion and Analysis the 2nd quarter ended June 30, 2018.

We would like to summarize the operating results which had changed in Management discussion and analysis as Attachment no.2.

Please be informed accordingly,

Yours sincerely,

(Mrs. Bongkot Rungpornpaisarn)
Executive Vice President (Finance and Administration)
NFC Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

NFC PUBLIC COMPANY LIMITED

2nd Quarter ended 30 June 2018

Financial Summary

Operating results of the Company for the 3 months period ended 30 June 2018, net profit for the period is Baht 17.24 Million, which allocated profit to portion of the Company's shareholder amounting to Baht 17.33 Million and portion of non-controlling interests amounting to Baht (0.09) Million. Considering the results of operations for this period, the net profit to portion of the Company's shareholders decreasing by Baht 0.60 Million or decreasing to 3.34% comparing with the net profit of the Company's shareholders for the same period of 2017 amounting to Baht 17.93 Million. We hereby summarize the operating results which have changed as follows:

Revenues

Revenue (MB.)	2Q-17	6M-17	2Q-18	6M-18	%YoY	%YoYTD
Sales of Chemical Products	206.33	456.63	275.54	551.31	33.54%	20.73%
Services	29.09	64.64	23.24	47.59	(20.11%)	(26.38%)
Total Revenues	235.42	521.27	298.78	598.90	26.91%	14.89%

Revenue from sales and services of the Company for Q2-2018 were Baht 298.78 Million, increased Baht 63.36 Million or equivalent to 26.91% from Q2-2017, mainly resulted from the revenue from sales of chemical products

increased by Baht 69.21 Million or equivalent to 33.54%. In this Q2-2018, the sale of sulfuric acid was increased by Baht 68.71 Million or equivalent to 108.67% higher from the increase of sale volume by 19,752 Tons or 30.61% increase when comparing to Q2-2017 but the average sale price per unit increased by 59.77% compared to the average sale price per unit in Q2-2017 which reflected from the higher import price due to the supply shortage in the world market.

The sale of Ammonia was increased by Baht 0.98 Million or equivalent to 0.71% reflected from the higher sale volume of 173 Tons or 2.65% increase when comparing to Q2-2017, in term of the average sale price per unit in Q2-2018 is slightly lower than in Q2-2017 by 1.89%.

The sale of Ammonium Hydroxide was decreased by Baht 0.48 Million or equivalent to 8.31% reflected from the higher sale volume of 36 Tons or 4.20% increase when comparing to Q2-2017, however, the company had sacrificed some part of the sale price in order to win the bidding deal for gaining volume in Q2-2018 caused the average sale price lower by 12.01% when compared to Q2-2017.

The revenue from services decreased by Baht 5.84 Million or 20.09% lower when comparing to Q2-2017, due to the harbor service activities

was declining starting from the end of 2nd quarter period of 2017 onwards.

Cost of Sales & Services

Costs of Sales & Service (MB.	2Q-17	6M-17	2Q-18	6M-18	%YoY	%YoYTD
Chemical Products Sold	167.99	364.70	228.20	453.27	35.84%	24.29%
Cost of Services	7.14	14.59	4.24	8.91	(40.62%)	(38.93%)
Total Cost of Sales & Service	175.13	379.29	232.44	462.18	32.73%	21.85%
Gross Profit	60.29	141.97	66.34	136.72	10.04%	(3.70%)
Gross Profit %	25.61%	27.24%	22.20%	22.83%	(13.32%)	(16.19%)

Cost of sales and services of the Company was Baht 232.44 Million increasing Baht 57.31 Million or equivalent to 32.73% comparing to Q2-2017, which increased in a higher percentage when compared to Sales Increase. Therefore, the Company's Total Gross Profit Amount derived in Baht 66.33 Million increasing Baht 6.04 Million or equivalent to 10.02% resulting the Gross Profit Ratio of 22.20% when comparing to 25.61% in the Q2-2017.

The higher gross profit amount net resulted from the higher gross profit sale of chemical products Baht 8.98 Million but the reduction of GP services segment Baht 2.94 Million.

Cost of sales of chemical products increased Baht 60.22 Million or equivalent to 35.85% due to the higher average cost per unit of Sulfuric Acid reflecting from the higher imported price as per the market trend and the higher overhead cost allocated to the Chemical Sales Segment due to the declining of other part of business i.e. Service Segment. Therefore, the Gross Profit Ratio of chemical products sale were showing

the decreasing trend when comparing 17.18% in Q2-2018 vs. 18.59% in Q2-2017.

The cost of services decreased about Baht 2.90 Million or equivalent to 40.62% when comparing to Q2-2017 resulting from the lower service revenue, however the Gross Profit Ratio of service business were showing the increasing trend when comparing 81.76% in Q2-2018 vs. 75.45% in Q2-2017.

Other Income

The Company's other income was Baht 3.08 Million, showing the other income increased by Baht 1.96 Million or equivalent to 174.67% when comparing to Q2-2017. Since in Q2-2018, there was a reversal of allowance for doubtful account higher by Baht 1.28 Million, Interest Income from Short-Term Investment higher by Baht 0.62 Million and a gain from Sales of Fixed Assets higher by Baht 0.04 Million when compared to Q2-2017.

In the Q2-2018, the Company received revenue from Gypsum in Bulk lower than Q2-2017 by Baht 0.58 Million (net of related expenses and reversal of its provisions).

Total Expenses

The Company's total expenses was Baht 55.01 Million which increased Baht 8.64 Million or equivalent to 18.63% comparing to Q2-2017, accordingly the Selling and Administrative Expenses (net of expenses from under-utilized fixed assets) when compared to Revenue is

slightly lower i.e. 12.24% in Q2-2018 vs. 12.39% in Q2-2017. Expenses from under-utilized assets had increased due to Throughput Charge from IEAT from under-utilized Volume of Port Facilities.

EBITDA and Net Profit

The Company's EBITDA (before other items) were Baht 41.54 Million which decreased 3.14%, resulting from the decrease of overall profitability ratio. Since during Q2/2018, the Company had the higher proportion from Chemical Products Sale to total Revenue.

In Q2-2018, the Company's Net profit portion of the Company's shareholder was Baht 17.33 Million which decreased by Baht 0.60 Million or 3.34%, comparing to Baht 17.93 Million in Q2-2017, caused from Gross Profit incremental of Baht 6.04 Million, Higher Other Income by Baht 1.96 Million, Higher Selling Expenses by Baht (3.80) Million as per the higher sales activities, Higher Admin Expenses by Baht (4.93) Million, Lower Financial Cost by Baht 0.08 Million, Higher Deferred Tax Income by Baht 0.06 Million and Lower portion of Non-Controlling Interest in Subsidiary of Baht (0.01) Million.

Balance Sheet and Key Financial Information

Statement of Financial Position (MB.)	YE-2017	2Q-2018	%Change
Cash and Cash Equivalent	310.37	387.58	24.88%
Other Current Assets	260.08	229.03	(11.94%)
Property, Plant and Equipment	492.57	446.60	(9.33%)
Other Non-Current Assets	96.44	101.97	5.73%
Total Assets	1,159.46	1,165.18	0.49%
Current Liabilities	147.98	114.22	(22.81%)
Non-Current Liabilities	52.53	50.28	(4.28%)
Total Liabilities	200.51	164.51	(17.95%)
Total Shareholders' Equity	958.95	1,000.68	4.35%
Total Liabilities & Shareholders' Equity	1,159.46	1,165.18	0.49%
<i>Book Value (Baht per share)</i>	<i>0.88</i>	<i>0.92</i>	<i>4.55%</i>

As of 30 June 2018, the Company's total assets were Baht 1,165.18 Million, increased by Baht 5.72 Million or 0.49% compared to the end of 2017 due to cash and short-term investments of Baht 387.58 Million, increased by Baht 77.21 Million or 24.88% from the operating cash flow. Meanwhile, inventories were Baht 67.03 Million, decreased by Baht 5.53 Million or 7.40% as the Company had sulfuric stocks lower by Baht 14.23 Million while Ammonia stocks increased by Baht 8.01 Million and the Company's trade accounts receivable and other current account receivables were Baht 150.58 Million, decreased by Baht 25.97 Million or 14.71% from the decrease in trade receivables of Ammonia sales. However, the Company had property, plant and equipment of Baht 446.60 Million, decreased by Baht 45.97 Million or 9.33% due to the depreciation of building and building improvements, machinery and office supplies Land improvements and vehicles increased by Baht 53.82 Million.

As of 30 June 2018, the Company had total liabilities of Baht 164.51 Million, decreased by 36.00 million Baht or 17.95% compared to the

ended of 2017, due to the decrease in trade accounts payable and other current account payable of Baht 34.32 Million, this was mainly due to the settlement of trade account payables.

As of 30 June 2018, the Company had shareholders' equity of Baht 1,000.68 Million, increased by Baht 41.73 Million or 4.35 % compared to the end of 2017 due to the Company's operating results during the first half of 2018.

For the first 6 months ended 30 June 2018, the Company's net cash flow decreased by Baht 21.17 Million, resulting from the operating cash flow of Baht 84.57 Million resulting from the net profit from operations. For cash flow used in investing Baht 105.39 Million, mainly from investment in debt and government bonds to manage the liquidity of working capital and cash flow from financing activities was Baht 0.35 Million resulting of bank fee i.e. L/G Fee.

The incremental of cash and cash equivalent together with temporary investments amounted to Baht 77.21 Million, mainly benefited from Operating cash flow about Baht 84.57 Million, comprised of Net Profit from Operation (before Tax) of Baht 38.05 Million, Depreciation & Amortization of Baht 53.82 Million and Net Working Capital increased Baht (3.82) Million and Other adjustment & reversal of Baht (3.48) Million.