

Ref: PCL 2019/003

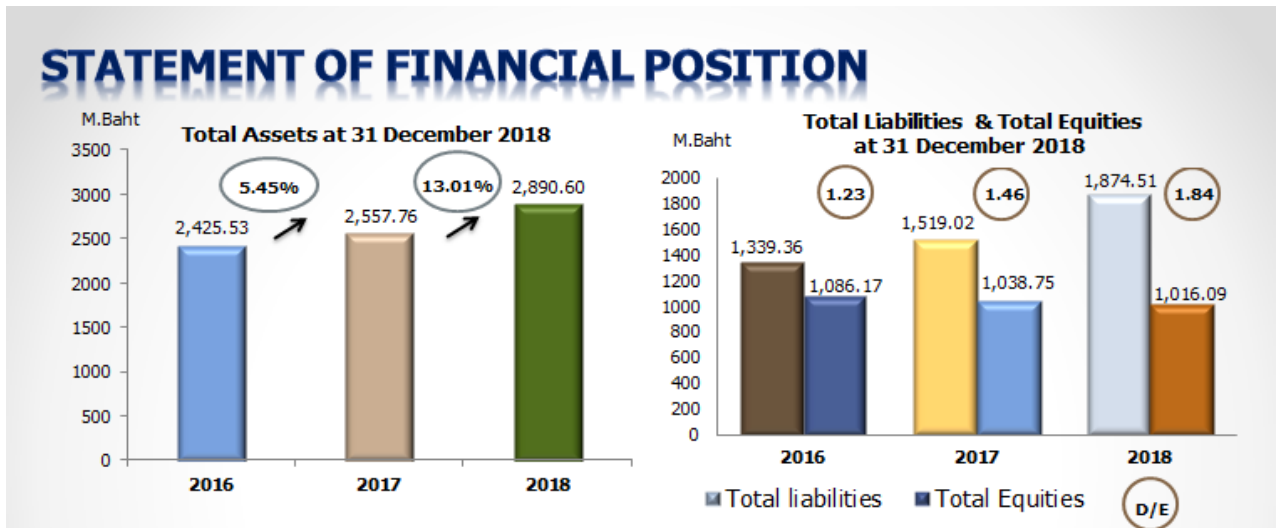
February 20, 2019

Subject: Management Discussion and Analysis Yearly Ended 31 December 2018

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 2018 as follows:-

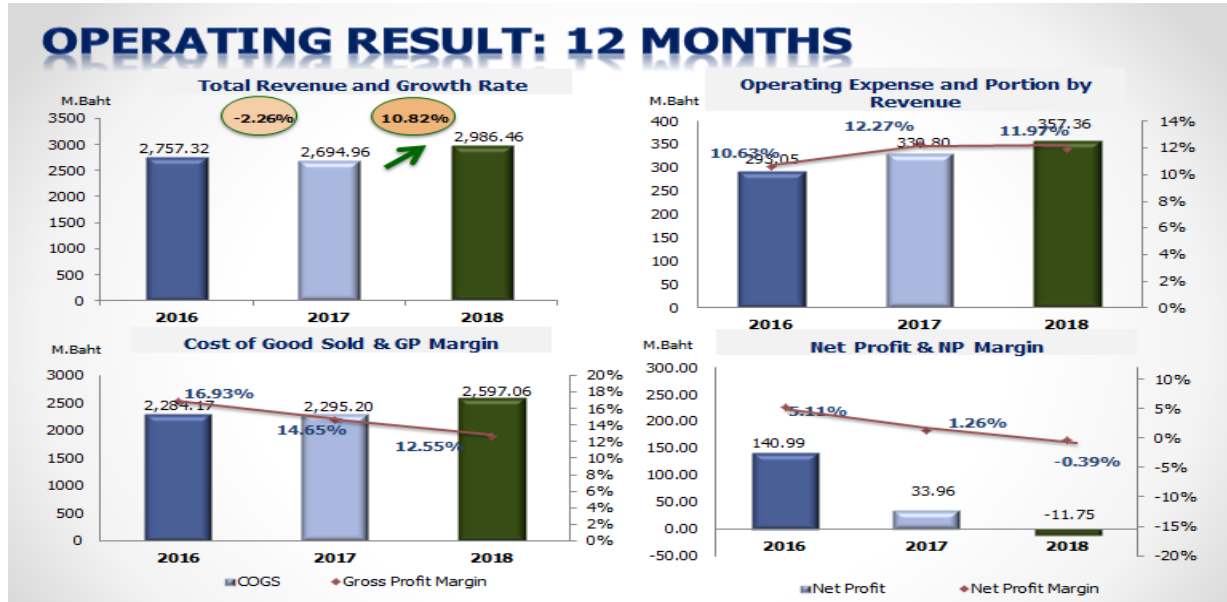
Financial Position



As at 31 December 2018, total consolidated assets of the Company and its subsidiary increased by Baht 332.84 million or 13.01% compared with last year. An increase mainly caused by trade accounts receivable of Baht 119.56 million due to sales increased compared to the last quarter of last year. However, most of these accounts receivable are not overdue. Other receivables increased Baht 32.41 million mainly from the deposit payment for mold of new model in automotive segment. Property, plant and equipment increased by Baht 54.72 million which were new machines that ordered since last year but delayed shipment until the early of this year, and some were the investment for machine and equipment improvement as well as an addition investment of machine and equipment in Jiangsu Plant. Inventories increased Baht 39.38 million in order to support order in the next quarter. There are also the advance payments in for the construction project in amount of Baht 32.91 million.

As at 31 December 2018, the consolidated liabilities of the Company and its subsidiary increased by Baht 355.49 million or 23.40% compare with last year, mainly from trade payables and short-term loans that increased of Baht 363.33 million in order to support higher working capital. There are also advance received for the construction project amounting to Baht 31.03 million. Meanwhile, long-term liabilities decreased by Baht 38.87 million for the repayment.

Operating result



For the year 2018, the consolidated net loss of the Company and its subsidiary was Baht 11.75 million, reduced by Baht 45.71 million from last year. The main reasons were as follows:-

1. The consolidated sales increased by Baht 291.5 million or 10.82% due to the sales of customers in the automotive parts , painting and lubricant packaging increased from last year owing to many new products have started commercial sales. Moreover, oil packaging market significantly slacked during last year.
2. The consolidated gross profit margin was 12.55%, decreased from last year at 14.65% due to the average cost of plastic resin, which is the main raw material, was higher than last year, but sell price adjustment was possible only for some customers. This resin cost impacted both Thailand and China's business performance. Labor costs have increased due to the minimum wage adjustment in the early of Quarter 2. In addition, there were significantly increased in product trial cost of new model in packaging for milk and yogurt segment. Moreover, the production cost of painting segment was higher owing to production efficiency and quality cost during the early stage of new model mass production. There was also the modification cost ,caused by the delay of product development process due to mold problems during the first three months of commercial sales, but currently were solved. In addition, there was the loss during the startup of new plant in Jiangsu for example rental expense and product development cost etc.
3. The consolidated net loss was 0.39%, last year's net profit was 0.88%, mostly caused by the reduction in gross profit margin and selling and administrative expenses in proportional to sale increased especially for the preparation for new model of automotive and painting segment.



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Please be informed accordingly

Sincerely yours

(Mrs. Prim Chaiyawat)

Company's Secretary