

Ref: PCL 2020/004

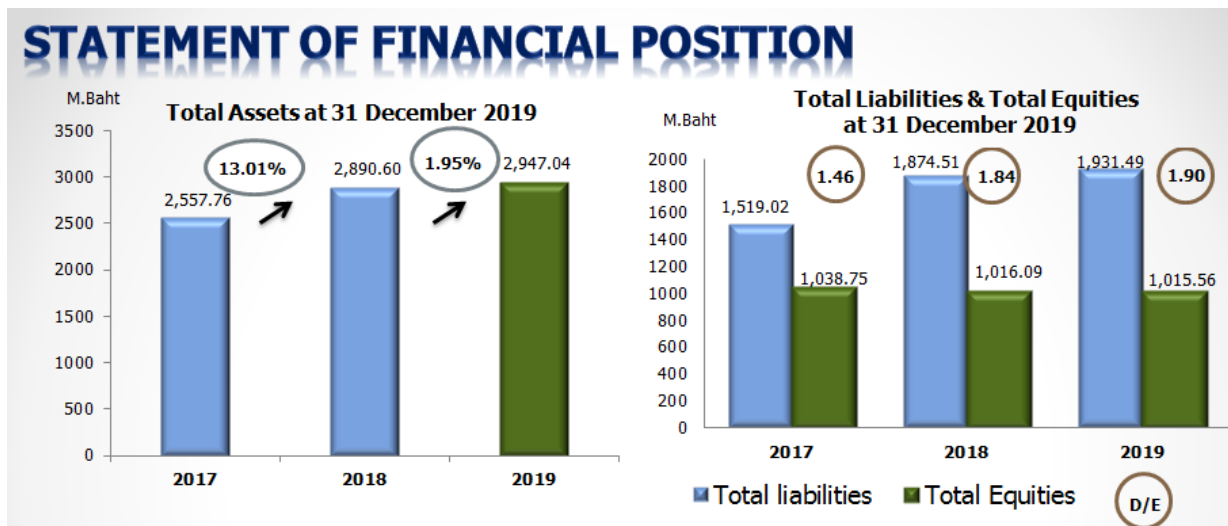
February 24, 2020

Subject: Management Discussion and Analysis Yearly Ended 31 December 2019

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 2019 as follows:-

Financial Position

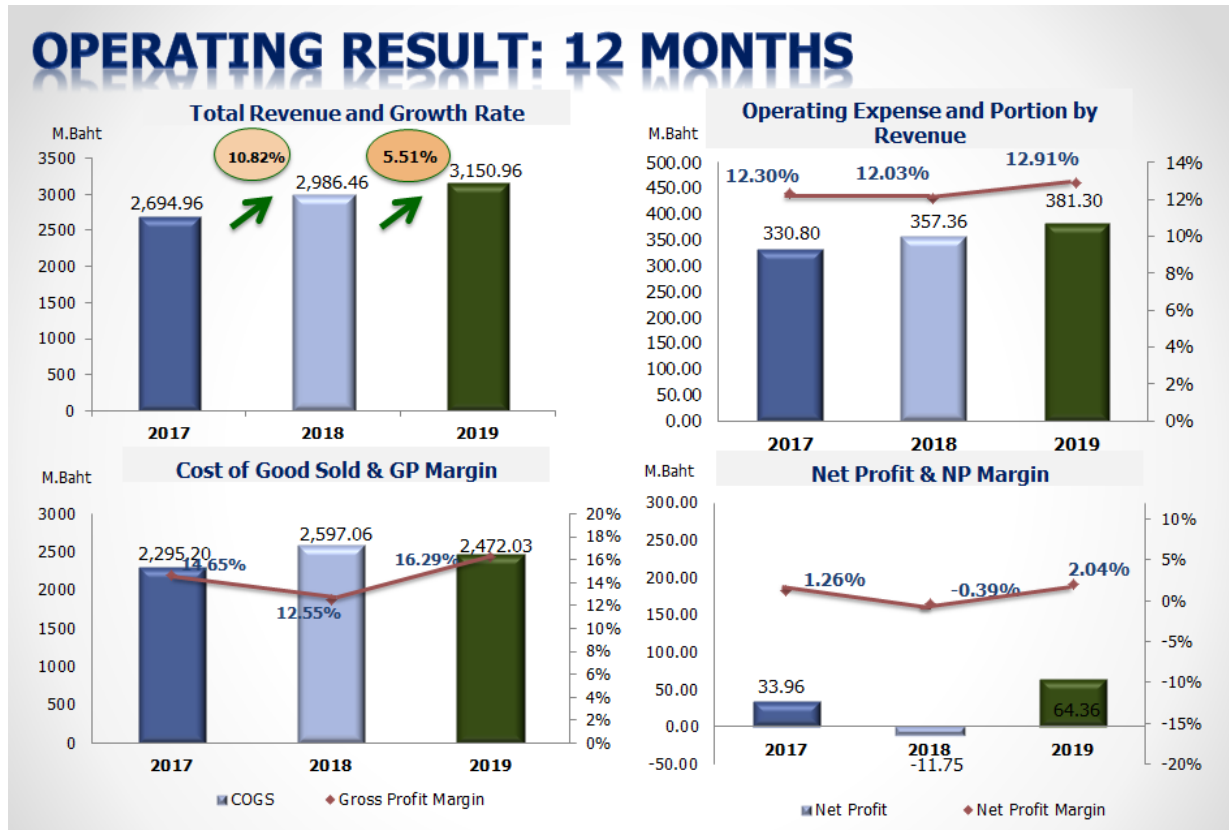


As at 31 December 2019, total consolidated assets of the Company and its subsidiary increased by Baht 56.45 million or 1.95% compared with last year. An increase mainly caused by Property, plant and equipment increased by Baht 100.11 million due to an investment in a medium-sized booth of the painting segment to support new orders during the late of year, the expansion of the building and warehouse at Chonburi branch to support business expansion and to reduce some of the rental expense. In addition, the company invested in machinery and equipment for a new branch in Jiangsu, China. While current assets decreased by Baht 47.77 million, which most of it was the decrease in cash and cash equivalents to pay dividends during the year amount of Baht 45.95 million.

As at 31 December 2019, the consolidated liabilities of the Company and its subsidiary increased by Baht 56.98 million or 3.04% compare with last year, mainly from an increase in short-term loans to support more working capital.

The Company's debt to equity ratio as at 31 December 2019 is 1.90 times (as at 31 December 2018 is 1.84 times)

Operating result



For the year 2019, the consolidated net profit of the Company and its subsidiary was Baht 63.33 million, increased by Baht 75.08 million from last year. The main reasons were as follows:-

1. The consolidated sales increased by Baht 169.06 million or 5.66% due to the company recognized project income of Baht 187.42 million in percentage of completion basis during the year. While, the main revenue from production of plastic products slightly reduced from last year as a result of oil packaging market slacked. However, the sales of customers in the automotive parts, painting, tooling and packaging for milk and yogurt increased from last year as many new products had started commercial sales.
2. The consolidated gross profit margin was 16.29%, decreased from last year at 12.55% as the company implemented better production cost control for new products that could cause an improvement in production efficiency and could reduce loss in many as aspects.
3. The consolidated net profit was 2.01%, increased from last year at net loss 0.39%, mainly caused by increased in gross profit margin. However, during the year the Company recognized employee benefit from changing post-employment plan in expense of Baht 11.47 million during Quarter 2. In addition, in Quarter 3, there was temporary losses during the early stage of the commercial sales of the new product in the Jiangsu factory. In overall, Selling and administrative expenses in proportional to sale remain stable. While, financial costs increased due to increase in loans for new projects such as the investment in a medium-sized booth of the painting segment, new warehouse, new machinery and equipment for Jiangsu, China.



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Please be informed accordingly

Sincerely yours

(Mrs. Prim Chaipayat)

Company's Secretary