

Ref: PCL 2020/011

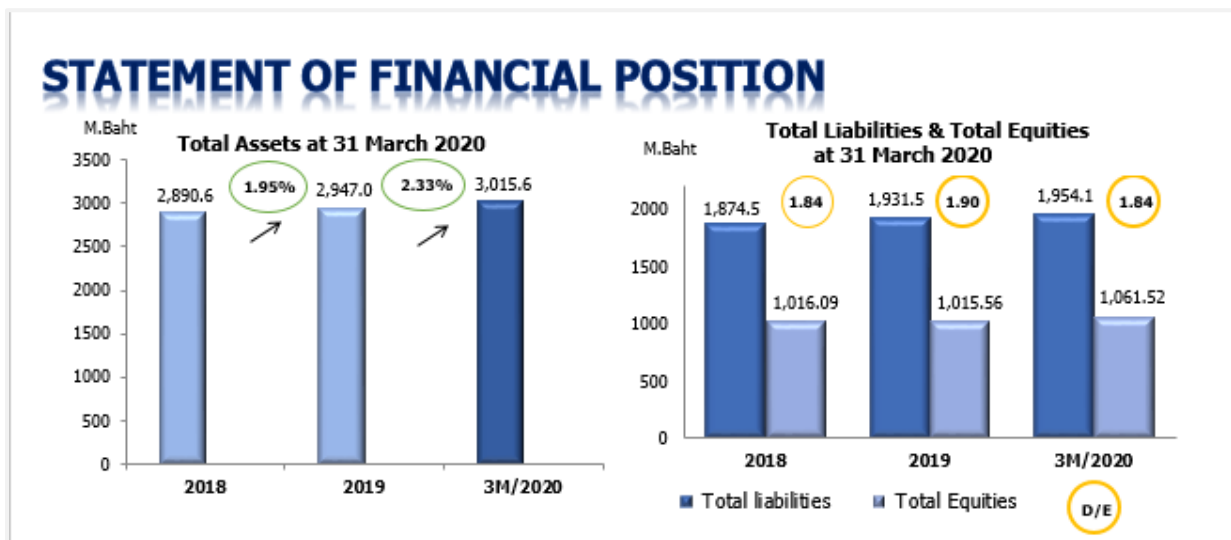
May 11, 2020

Subject: Management Discussion and Analysis for the 3-month period ended 31 March 2020

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 financial position and operating result for the 3-month period ended 31 March 2020 as follows:-

Financial Position

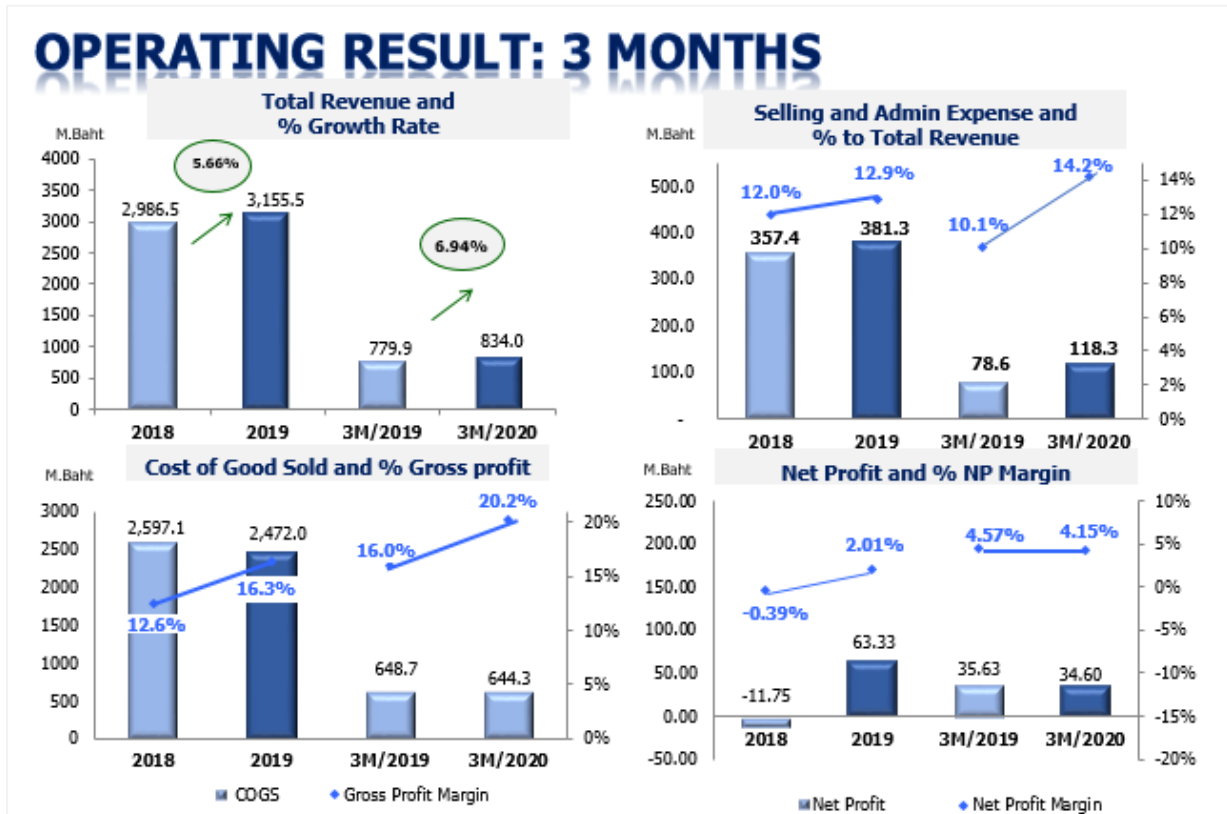


As at 31 March 2020, total consolidated assets of the Company and its subsidiary increased by Baht 68.58 million or 2.33% compared with last year. An increase mainly caused by Right-of-use assets Baht 96.16 million from first-time adoption of TFRS 16 Leases. For trade accounts receivable, the Company set up additional allowance for doubtful accounts of Baht 9.25 million from first-time adoption of TFRS 9 Financial Instruments by applying the Simplified Approach in measuring the expected credit loss, the loss is expected to be incurred over the life of the debt and the loss is recognized since the recognition of trade receivables. The inventories decreased by 18.35 million baht due to the inventory day management decreased. In addition, the Unbilled receivable for project decreased by 34.79 million baht from the payment during the period.

As at 31 March 2020, the consolidated liabilities of the Company and its subsidiary increased by Baht 22.61 million or 1.17% compare with last year. This amount was an increase from lease liabilities due to the adoption of TFRS16 of Baht 97.09 million. For loans from financial institutions, the overall loans decreased from repayment during the period.

The Company's debt to equity ratio as at 31 March 2020 is 1.84 times. However, excluding the effects of lease liabilities from the adoption of TFRS 16, The total debt to equity ratio as of 31 March 2020 will be 1.75 times. (as at 31 December 2019 is 1.90 times).

Operating result



The consolidated net profit of the Company and its subsidiary for the period 3-month ended 31 March 2020 was Baht 34.60 million, decreased by Baht 1.03 million compare with same quarter of last year. The main reasons were as follows:-

1. The consolidated sales increased by Baht 54.13 million or 6.94%. Sales increased Bath 35.29 million mainly from auto part tooling revenue recognition and packaging for milk and milk yogurt. For business in China, Sales of Tianjin plant decreased from the closure of the factory at the beginning of the year due to the Covid-19 situation but sales of Jiangsu plant increased since commercial sales began at the end of 2019 and were affected by the short-term shutdown of factories in the beginning of the year. Resulting in overall sales of work in China remained stable compared to the same quarter of last year. In addition, the company recognized an increase of project income of Baht 16.83 million in percentage of completion basis during the period.
2. The consolidated gross profit margin was 20.2%, decreased from last year at 16.0% due to the transfer of labor and production expenses during the factory shutdowns at the Tianjin and Jiangsu branches.

3. The consolidated net profit was 4.15%, decreased from last year at net loss 4.57%. The company recognizes the cost during shutdown the factory in China as administrative expenses. In addition, the company has set up an allowance for doubtful accounts to recognize administrative expenses increased by 6.29 million baht due to the first-time adoption of TFRS9 Financial Instruments. In addition, Financial Costs increased from loans for investment project during the year 2019, including the booth in the center of the spray painting plant ,warehouse building and Jiangsu plant.

Sincerely yours

(Mrs. Prim Chaiyawat)

Company's Secretary