



บริษัท ไทยเซ็นทรัลเคมี จำกัด (มหาชน)
THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED

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Subject Clarification of the 2nd quarter performance of the year 2021

To President

The Stock Exchange of Thailand

Enclosure Management Analysis and Discussion (MD&A)

Referred to rules and regulations of the SEC which provides that a listed company shall clarify reason in case of difference between company including its subsidiaries' performance of the current year and that of the corresponding period of the previous year exceeding 20%, the Company would like to clarify as follows.

Performance of the Company including its subsidiaries of the 2nd quarter of 2021 shows Profit Attributable to Owners of the parent at the amount of THB 719 million, increasing by THB 151 million or 27% when compared with Profit Attributable to Owners of the parent of the corresponding period of last year which showed THB 568 Million.

The reason of such result is shown in the Management Analysis and Discussion as in the attachment.

Please be informed accordingly.

Sincerely yours,

(Mr. Takahiro Yamashita)

President & CEO

Corporate Secretary / Photchara Tel. 0-2639-8888 ext. 8909



Management Discussion and Analysis (MD&A)

Key Summary

- In the 2nd quarter of 2021, the Company achieved a year-on-year increase in Profit Attributable to Owner of the parent by THB 151 Million or 27% from THB 568 Million to THB 719 Million resulting from a higher demand for chemical fertilizer as well as an efficient operational control on production cost and expenses.
- In addition, the Company put emphasis on conducting online activities as a major channel to raise brand awareness since the continuous spread of COVID-19 disallow the Company to conduct on field activities.
- Lastly, not only will the adequacy of water supplies and the price of agricultural outputs determine the fertilizer consumption in the 3rd quarter but also the international price of raw materials will be another factor that influences growers' buying decision. Additionally, the company closely monitor the outbreak of COVID-19 in Thailand and

Business Overview

The Company would like to report the operational result of the Consolidated Financial Statement for the 2nd quarter of the year 2021 during April 1, 2021 to June 30, 2021. The 2nd quarter of 2021 showed Profit Attributable to Owner of the parent at THB 719 Million, and Earnings per Share at 1.23 THB. It increased by THB 151 Million or 27% compared with the same period of the year 2020, which showed Profit Attributable to Owner of the parent at THB 568 Million and Earnings per Share at 0.97 THB. The increase of fertilizer demand from both growers and customers as well as the company's effective management amid rising production cost was main factors contributing to an improvement in both figures.

Overall, Thailand economy in the 2nd quarter grew at a slow pace due to the drastic spread of COVID-19, thereby causing domestic consumption and spending to be significantly reduced. The exporting sector in response to a global economic recovery was only source Thai economy



relied on. Thus, given these factors, research institutions forecasted that this year's GDP growth would slip into 0.7%.

Thailand agricultural sector remained strong in the 2nd quarter. Even though a dry spell was found in some areas, the water supplies accumulated since the second half of last year was still adequate for growers to cultivate during the start of main season. In addition, the prices of major crops were favorable to trigger cultivation because the demand for agricultural outputs from both domestic and overseas markets rose following a willingness to stock such products for security purpose. Consequently, the aforementioned factors brought an increase in demand for chemical fertilizer.

Apart from favorable agricultural conditions, the willingness of customers to secure inventories together with the Company's strict operational control in an effort to cope with an upward trend of raw material prices played a crucial role in leading an organization to achieve a solid performance. Additionally, the arrangement of marketing activities through an online channel has become a major approach to raise brand awareness while on-field activities were obstructed by COVID-19 pandemic. Therefore, the above strengths enabled the Company to earn an increase in Profit Attributable to Owners of the parent when compared with the same quarter of the previous year.

Results of Operations and Profits

Unit : Thousand Baht	2nd Quarter Apr - Jun (3 months)		Change
	2020	2021	%
Revenues from Sales and Services	3,223,346	4,419,217	37
Cost of Goods Sold and Rendering of Services	(2,335,032)	(3,404,544)	46
Gross Profit	888,314	1,014,673	14
Interest and Other Income	23,166	39,698	71
Profit Before Expenses	911,480	1,054,371	16
Selling and Administration Expenses	(184,290)	(142,281)	(23)
Profit From Operating Activities	727,190	912,090	25
Finance Costs	(1,533)	(1,114)	(27)
Share of Profit from Investment in an Associate	67	45	(33)
Profit Before Income Tax Expense	725,724	911,021	26
Income Tax Expense	(154,643)	(184,999)	20
Profit for the Period	571,081	726,022	27
Profit Attributable to Owners of the Parent	567,553	719,368	27
Total Comprehensive Income Attributable to Owners of the Parent	556,299	721,533	30



The Company's Revenue from Sales and Services in the 2nd quarter of 2021 increased from THB 3,223 Million to THB 4,419 million or 37%. The reasons for such increase were 1) a rising demand of growers for fertilizer used in cultivation, which was triggered by sufficient water supplies and 2) customers' inventory securing when raw material prices were on an uptrend. On the other hand, although the higher raw material price mainly caused a THB 1,070 Million or 46% increase in the Cost of Goods Sold and Rendering of Services, The Company's sales growth still brought a rise in gross profit from THB 888 Million in 2020 to THB 1,015 Million in 2021 or 14%. In the meantime, the Company had a THB 42 Million or 23% decrease in Selling and Administration Expenses because of solid control as well as the adjustment of conducting marketing activities was made to remain viable amid the COVID-19 situation.

As a result, Profit Attributable to Owners of the parent in the 2nd quarter of 2021 was THB 719 Million, increasing by THB 151 Million or 27% when compared with THB 568 Million in the same quarter of 2020.

Analysis of Liquidity and Capital Resources

Main Components of Statement of Financial Position (Consolidated)

Description	June 30, 2020		June 30, 2021	
	Thousand Baht	Percentage to Total Asset	Thousand Baht	Percentage to Total Asset
Current Assets	9,324,032	78	11,299,524	82
Non-current Assets	2,563,605	22	2,421,977	18
Total Assets	11,887,637	100	13,721,501	100
Current Liabilities	1,612,456	13	2,645,587	19
Non-current Liabilities	335,054	3	324,404	3
Total Liabilities	1,947,510	16	2,969,991	22
Total Shareholders' Equity	9,940,127	84	10,751,510	78
Total Liabilities and Shareholders' Equity	11,887,637	100	13,721,501	100

As of the end of 2nd quarter in 2021, Total Assets of the Company showed THB 13,722 Million, increased by THB 1,834 Million or 15% compared with the same period of 2020. More details of assets are as follows:



Description	June 30, 2020 Thousand Baht	June 30, 2021 Thousand Baht	Change %
Cash, cash equivalents and time deposits*	5,450,642	6,416,529	18
Total trade and other receivables	1,232,834	1,221,290	(1)
Inventory	2,636,776	3,620,820	37
Assets	11,887,637	13,721,501	15

*Time Deposit is defined as an account with maturity date over 3 months to less than 1 year and classified under other current financial assets in the statement of financial position.

Cash, cash equivalents and time deposits showed an 18% increase from THB 5,451 Million in 2020 to THB 6,417 Million in 2021 because of the Company's positive sales performance and the Company's strong focus to maintain financial stability while domestic economy was sluggish. Total trade and other receivables was relatively unchanged whereas Inventories significant rose by 37% from THB 2,637 Million in 2020 to THB 3,621 in 2021 because the price of most raw materials increased.

Total Liabilities of the Company were THB 2,970 Million representing an increase by THB 1,022 Million or 53% whereas Shareholders' Equity of the Company was THB 10,752 Million representing an increase by THB 811 Million or 8%.

Economic & Business Forecast 2021

The world economy, particularly in the developed countries, shows a good sign of improvement because more economic activities resume as a result of a loosen-up containment measures and effective vaccination policy. On the contrary, it is probable that Thailand could live with the COVID-19 pandemic for a while since the domestic spread became more difficult to control. Thus, the increasing pace of vaccine deployment as well as the increasing use of appropriate vaccines to address the COVID-19 mutants is needed to minimize the infections and bring the economy on a path to recovery. In the meantime, government spending on relief measures remains crucial to foster domestic household and business during the period.



The fertilizer consumption during the main-season cultivation has been solid when compared with the same period of the previous year due to the sufficient water resources and attractive crop prices. However, the upward trend of raw material prices could affect the Company's production cost and selling price, which consequently discourage growers' willingness to cultivate. Therefore, the Management will keep monitoring these factors in order to formulate strategies to brace for any possible changes.

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