

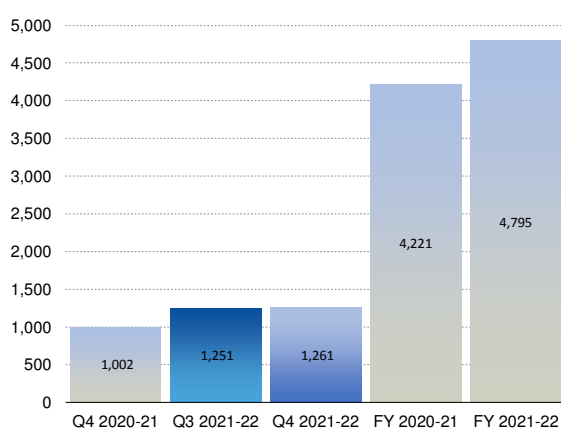
23 May, 2022

Subject: Management Discussion and Analysis for the year ended 31 March 2022

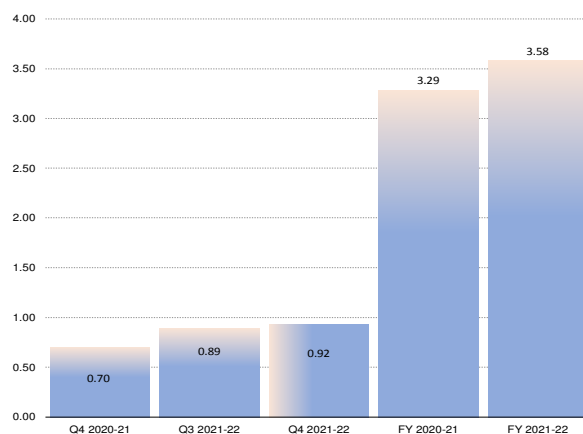
To: Managing Director
The Stock Exchange of Thailand

1. Financial highlights for the quarter and year ended 31 March 2022

Normalized* EBITDA (Million THB)



Normalized* EPS (THB / Share)



**Normalized for forex and derivative gain/(loss)*

Key Financial Indicators for Q4 and FY 2021-22

Description	Unit of measure	Q4 2021-22	YoY	QoQ	FY 2021-22	YoY
Sales Volumes (Film sales)	MT	62,718	▲ 13.37%	▲ 1.5%	236,995	▲ 8.2%
Sales Value	Million Baht	6,315	▲ 62.5%	▲ 10.1%	21,545	▲ 42.3%
Normalized EBITDA	Million Baht	1,261	▲ 25.8%	▲ 0.8%	4,795	▲ 13.6%
Normalized EBITDA margin	%	19.97%	▼ 582bps	▼ 185 bps	22.26%	▼ 562 bps
Normalized EBITDA/ Kg#	THB/KG	20.11	▲ THB 1.96	▼ THB 0.13	20.23	▲ THB 0.96
Normalized PAT	Million Baht	832	▲ 32.4%	▲ 3.8%	3,222	▲ 9.0%
Normalized EPS	Baht/ Share	0.92	▲ 32.4%	▲ 3.8%	3.58	▲ 9.0%

Per Kg based on Qty of Films sales

Polyplex (Thailand) Public Company Limited and its subsidiaries			
Income statement (Audited)			
For the year ended 31 March 2022			
	Consolidated financial statements (Unit: Baht)		% Inc/(Dec)
	<u>2021-22</u>	<u>2020-21</u>	
Revenues			
Sales	21,544,822,587	15,144,387,625	42.26%
Exchange gains	351,774,157	1,243,596	28187%
Gain on derivatives	-	12,067,647	
Other income	40,312,169	34,845,767	15.69%
Total revenues	21,936,908,913	15,192,544,635	44.39%
Expenses			
Cost of sales	15,299,359,580	10,433,230,804	46.64%
Selling and distribution expenses	1,957,190,482	970,867,355	101.59%
Administrative expenses	538,743,902	507,304,059	6.20%
Loss on Derivatives	23,783,124	-	
Total expenses	17,819,077,088	11,911,402,218	49.60%
Profit before finance cost and income tax expense	4,117,831,825	3,281,142,417	25.50%
Finance Income	19,899,239	23,445,201	-15.12%
Finance cost	(62,684,738)	(61,447,359)	2.01%
Profit before income tax expense	4,075,046,326	3,243,140,259	25.65%
Tax income/(expense)	(510,144,461)	(270,670,744)	88.47%
Reported Profit for the period	3,564,901,865	2,972,469,515	19.93%
Reported EBITDA for the period (incl. finance income)	5,123,279,164	4,234,501,666	20.99%
Profit attributable to:			
Equity holders of the Company	3,549,786,703	2,970,004,154	19.52%
Non-controlling interests of the subsidiary	15,115,162	2,465,361	513.10%
	3,564,901,865	2,972,469,515	19.93%
Basic earnings per share (Reported profit basis)			
Profit attributable to equity holders of the Company	3.94	3.30	19.52%
Number of ordinary shares	900,000,000	900,000,000	
Reported Profit attributable to Equity holders	3,549,786,703	2,970,004,154	19.52%
Add /(Less): Forex loss /(Forex Gain)	(327,991,033)	(13,311,243)	2364.02%
Normalized Profit after Tax	3,221,795,670	2,956,692,911	8.97%
Normalized EBITDA	4,795,288,131	4,221,190,423	13.60%
Basic earnings per share (Normalized profit basis)			
Profit attributable to equity holders	3.58	3.29	8.97%
Number of ordinary shares	900,000,000	900,000,000	

Performance Analysis (YoY)

- The year gone by witnessed the start-up of several new projects envisaged in the past 2 years. The start-up of BOPP film line project in Indonesia in December 2021, was completed within the Budgeted project cost, despite the delays and various other challenges arising from the Covid pandemic. The Company also managed to achieve full break even on this project within the first full quarter of operations. Apart from this major project, the Company has also commissioned the Twin Screw Extruder (TSE - Thin PET line modification) in Thailand and Turkey, Metallized Film line in Indonesia, PET recycling line at Ecoblue, Thailand and the Blown Film line in Turkey. While the BOPP line, Metallized film, Blown film and Recycling line are expected to also contribute to growth in top line, the TSE investment at Thailand and Turkey would enable the Company to further enhance the Specialty film sales and generate better EBIDTA in the coming years.
- Overall sales volumes have increased by 8.2% YoY, partly from new capacity start-up and also from better utilization of existing capacities. The Sales value has increased by about 42% YoY, due to higher volumes as also the increase in average sales realization owing mainly to the sharp increase in input raw material prices as also the spike in container freight rates compared to the previous year.
- Due to the THB depreciation YoY (average rate for the year Vs previous year) against Euro (about 5%), against USD (about 5%) and IDR (about 6%), there is a positive impact of currency fluctuation on the consolidation of the Turkey, USA and Indonesia subsidiary earnings this year.
- The overall increase in sales volumes and Improved margins in our core business of Thin films as well as some other businesses such as Thick film, Blown Film and other downstream businesses like Silicone Coated film (Saracote), has contributed to an overall improvement in normalized EBITDA. Apart from this, the contribution from sale of surplus PET resins is higher this year due to higher volumes and also at better margins and hence, contributed to the improvement in overall EBITDA. This is partially offset by lower sales volumes and contribution in some other businesses like Extrusion Coated films (Saralam) & CPP films
- There is an increase in other income mainly at Thailand which is due to higher Insurance Claims received.
- Increase in cost of sales is due to a sharp increase in the key raw material prices as well as overall higher sales volumes.
- Higher selling expenses were mainly due to significant increase in outbound freight expenses due to global shortage of containers pushing up freight rates. The Company is making all efforts to increase the selling prices to recover fully or partially the higher freight costs, based on delivery terms with the customers. Apart from higher freight, the Brokerage and Commission expenses have also been higher this year due to increase in unit selling prices.
- Higher admin expenses are mainly due to higher professional consultation fees, Covid related expenses, warehouse handling charges and depreciation charges.
- There is a significant increase in Exchange gain this year as compared to previous year. The exchange gains are mainly due to unrealized gain on restatements of Euro and USD loans in Indonesia and Euro Loans in USA on account of appreciation of IDR and USD against Euro currency and appreciation of IDR against USD currency (Closing exchange rate in March 22 Vs March 21) and exchange gain on operational assets at Thailand due to depreciation of THB against Euro and USD. This is partly offset by unrealized loss on restatement of Euro Loans at Thailand due to depreciation of THB against Euro.
- There is a reduction in Finance income mainly due to lower interest income in the Indonesia and Turkey subsidiary due to declining interest rates.
- Finance costs are higher due to higher debt levels at Thailand (working capital debt) and Indonesia (Term debt), including the interest on the bank loans disbursed for the BOPP project at Indonesia which was earlier capitalized to fixed assets until the Project commercial start-up in December 2021. The impact of higher borrowings is partly offset by lower interest rate compared to previous year.
- The higher tax expense is mainly due to the higher Current Tax expense and the net impact of Deferred Tax Accounting at Thailand and the subsidiaries in USA and Indonesia.

ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Polyplex (Thailand) Public Company Limited and its subsidiaries			
Statement of financial position			
As at 31 March 2022			
Consolidated financial statements			
(Unit: Baht)			
	<u>31 March 2022</u>	<u>31 March 2021</u>	<u>% Inc/(dec)</u>
	(Audited)	(Audited)	
Assets			
Current assets			
Cash and cash equivalents	2,201,407,709	1,719,861,368	28.00%
Trade and other receivables	4,035,308,634	2,267,684,449	77.95%
Inventories	5,043,353,271	2,887,121,309	74.68%
Advance payments for purchases of goods	215,619,885	63,263,640	240.83%
Input tax refundable	142,657,999	191,658,485	-25.57%
Other current financial assets	72,051,992	151,396,070	-52.41%
Other current assets	93,183,914	91,902,435	1.39%
Total current assets	11,803,583,404	7,372,887,756	60.09%
Non-current assets			
Restricted bank deposits	22,363,111	10,910,348	104.97%
Property, plant and equipment	12,904,704,338	11,720,628,345	10.10%
Deferred tax assets	73,711,077	15,961,194	361.81%
Goodwill	3,164,328	3,164,328	
Other intangible assets	153,867	531,203	-71.03%
Advance payments for purchases of land & machinery	419,732,450	561,672,955	-25.27%
Other non-current financial assets	312,827,688	245,226,254	27.57%
Other non-current assets	21,641,159	98,351,955	-78.00%
Total non-current assets	13,758,298,018	12,656,446,582	8.71%
Total assets	25,561,881,422	20,029,334,338	27.62%

As at 31 March, 2022, there has been a 6.2% depreciation of THB against the USD (approx. THB 1.96/USD) and 1.3% depreciation against the Euro (approx. THB 0.47/Euro) and 6.9% depreciation against IDR (approx. THB 0.15 per 1000 Rupiah) as compared to the exchange rate on 31 March 2021. As a result, the translation of the Company's subsidiaries' Statement of Financial Position has resulted in net translation gains of Baht 295.12 million.

Current assets:

- Current assets have gone up by Bt 4,435.5 million or 60.2% compared to March 2021.
- Increase in cash and cash equivalents is mainly due to net cash generated from operations.
- Increase in Trade Receivables is mainly due to higher sales volumes, increase in selling prices (in line with raw material price increase)
- Increase in Inventories is at Thailand as well as subsidiaries is due to higher stock of raw materials, process stocks, finished goods, Goods-in-transit and Stores & Spares partly due to increased size of operations. The higher input prices have also impacted the inventory valuation resulting in higher inventory values.
- Increase in advance payment for purchase of goods is mainly at the subsidiaries.
- Increase in Input tax refundable is mainly due to increase in VAT refund receivable at Thailand, partly offset by reduction in Input Tax refundable at the Indonesia subsidiary.
- Other current financial assets represent Derivative assets (MTM impact on the Forwards contracts) and Investments of surplus funds in Bonds and Bond funds. Reduction is mainly due to maturity of some investments during the year.
- Increase in Other current assets is mainly due to increase in Prepaid expenses at Thailand and the subsidiaries.

Non-current assets:

- Non-Current assets have gone up by Bt 1,097.1 million or 8.7% as compared to March 2021.
- The restricted bank deposit at the Indonesia subsidiary is in respect of a letter of guarantee issued by a local bank to a vendor
- Increase in Property Plant & Equipment (net block) is mainly due to the Project/ Normal CAPEX at Thailand and the subsidiaries partly offset by the depreciation charged during the year.
- Increase in Deferred tax asset is due to Deferred Tax adjustments at Thailand and on consolidation as per relevant accounting standard.
- Decrease in Advances for purchase of fixed assets is due to adjustment of advances against machinery delivery for ongoing projects at the subsidiaries partially offset by slightly higher advances at Thailand.
- Decrease in other non-current assets is mainly at Indonesia due to refund of long pending Input Tax refundable balance
- Non-current financial assets refer to some investment of surplus funds by the Turkey subsidiary into financial instruments (mainly Bonds).

Polyplex (Thailand) Public Company Limited and its subsidiaries			
Statement of financial position (continued)			
As at 31 March 2022			
Consolidated financial statements			
(Unit: Baht)			
	<u>31 March 2022</u> (Audited)	<u>31 March 2021</u> (Audited)	<u>% Inc/(dec)</u>
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from banks	1,353,000,000	650,000,000	108.15%
Trade and other payables	2,210,212,139	1,410,186,774	56.73%
Current portion of long-term loans from banks	344,778,850	252,734,085	36.42%
Current portion of lease liabilities	7,890,226	5,804,474	35.93%
Income tax payable	247,039,786	82,932,767	197.88%
Other current financial liabilities	55,363,639	33,615,340	64.70%
Other current liabilities	768,459,150	549,557,553	39.83%
Total current liabilities	4,986,743,790	2,984,830,993	67.07%
Non-current liabilities			
Long-term loans from banks, net of current portion	2,033,422,374	1,361,609,706	49.34%
Lease liabilities, net of current portion	17,367,104	12,551,930	38.36%
Provision for long-term employee benefits	57,127,859	52,821,904	8.15%
Deferred tax liabilities	535,745,130	268,010,755	99.90%
Other non-current financial liabilities	9,098,325	9,809,589	-7.25%
Other non-current liabilities	559,031	559,031	0.00%
Total non-current liabilities	2,653,319,823	1,705,362,915	55.59%
Total liabilities	7,640,063,613	4,690,193,908	62.89%
Shareholders' equity			
Issued & fully paid	900,000,000	900,000,000	-
Share premium	1,908,449,678	1,908,449,678	-
Retained earnings			
Appropriated - statutory reserve	96,000,000	96,000,000	-
Unappropriated	15,682,898,502	13,415,694,575	16.90%
Other components of shareholders' equity	(760,102,702)	(1,042,999,117)	-27.12%
Equity attributable to owners of the Company	17,827,245,478	15,277,145,136	16.69%
Non-controlling interests of the subsidiary	94,572,331	61,995,294	52.55%
Total shareholders' equity	17,921,817,809	15,339,140,430	16.84%
Total liabilities and shareholders' equity	25,561,881,422	20,029,334,338	27.62%

Total Liabilities:

- Total liabilities have gone up by Bt 2,950 million or 62.9% as compared to March 2021.
- Increase in short term borrowings is due to increase in borrowing at Standalone level and also higher borrowings at the subsidiary in Thailand to meet the increased working capital requirement.
- Increase in trade and other payables is due to higher trade payables (mainly due to raw material price increase) as well as higher payables for the various ongoing Capex investments/ projects.
- Increase in Long Term Loan is due to additional borrowings at the subsidiary in Thailand and Indonesia, partly offset by the Loan repayments at Indonesia and the net unrealized gain on the loan restatement during the year. The increase in Current portion of Term loan is for the Loan at Indonesia and Thailand subsidiary.
- Increase in Corporate Tax Payable is mainly due to tax provision on current year profits at Thailand and subsidiaries, partly offset by reduction on account of tax payment made against provision made at the previous year end.
- Increase in other current liabilities is mainly due to higher provisions against statutory liabilities (withholding taxes etc), higher advance payments from customers and higher expense provisions such as Bonus, Quality claims, Commission etc.
- Increase in current financial liabilities is mainly due to increase in the MTM loss on Derivative contracts at subsidiaries, partly offset by lower MTM loss at Thailand.
- Increase in provision for long-term employee benefits is due to higher provisions at Thailand and the subsidiaries.
- Decrease in non-current financial liabilities is mainly due to reduction in the MTM loss on derivative contracts.
- Increase in Deferred Tax Liabilities is mainly at the US and Indonesia subsidiary.

Major changes in Shareholder Equity:

- The retained earnings have increased due to the net profits generated during the year, partly offset by Dividend appropriation during the year.
- The increase in other components of equity is mainly due to exchange translation gains arising on account of translation of the balance sheet of the subsidiaries due to the depreciation of Baht.
- The increase in Non-controlling interests of subsidiaries is due to the share of profits generated during the quarter.

2. Status of Projects:

• Brownfield BOPET Thin film line and Offline Coater in USA

The updated Capital Cost of both the projects is USD 122 million. Long Term debt funding of USD 25 Million has been tied up with a Local US Bank and the balance is expected to be funded from internal accruals of the US subsidiary and inter-company loans from the Turkey subsidiary. All key machinery contracts have been signed and down payments made. The project is expected to start up in Q3 of FY 2023-24.

• The recycling Project at Ecoblue Limited

The post-consumer PET/PO recycling project at the Company's subsidiary at Thailand – Ecoblue Limited was approved by the Board at a Capex of USD 18 million USD. The PET recycling has been successfully commissioned and commercial operations have commenced in Q4. The PO recycling has been commissioned in the month of March and is under trial runs and expected to start commercial operations within Q1 2022-23.

- **Other small CAPEX at Turkey/ Thailand / USA**

Apart from the above, few smaller CAPEX projects of USD 14-16 million (with most of the CAPEX already spent and about USD 4-5 million unspent) are under implementation and would start-up progressively over the next 3-4 months and will help in improving production efficiency and/or enhance HVA product portfolio / sustainability agenda

Please be informed accordingly.

Yours sincerely,

Mr. Amit Prakash
Managing Director