

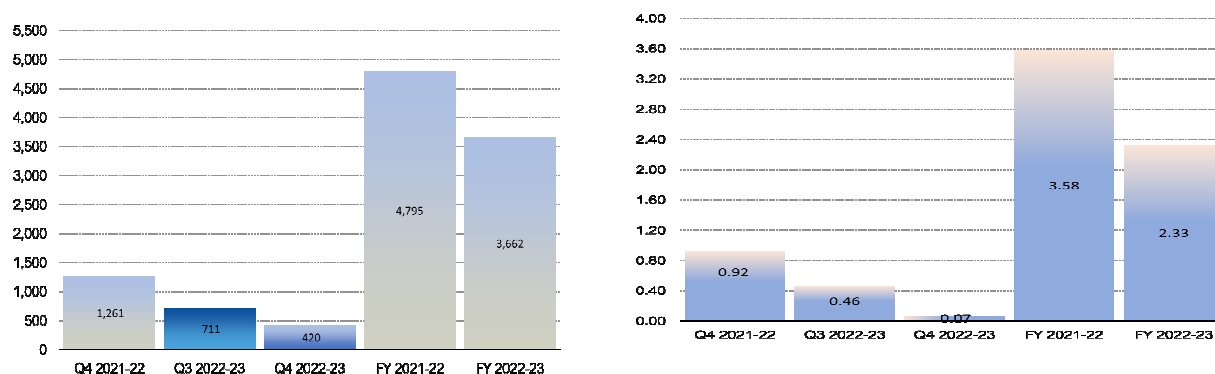
23 May, 2023

Subject: Management Discussion and Analysis for the year ended 31 March 2023

To: Managing Director  
The Stock Exchange of Thailand

1. **Financial highlights for the year and year ended 31 March 2023**

**Normalized\* EBITDA** **Normalized\* EPS (THB / Share)**  
(Million THB)



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

**Key Financial Indicators for Q4 and FY 2022-23**

Description	Unit of measure	Q4 2022-23	YoY	QoQ	FY 2022-23	YoY
Sales Volumes (Film sales)	MT	67,485	▲ 7.60%	▼ 2.10%	270,173	▲ 14.00%
Sales Value	Million Baht	5,418	▼ 14.20%	▼ 16.96%	26,341	▲ 22.26%
Normalized EBITDA	Million Baht	420	▼ 66.68%	▼ 40.89%	3,662	▼ 23.62%
Normalized EBITDA margin	%	7.76%	▼ 1221bps	▼ 314bps	13.90%	▼ 836 bps
Normalized EBITDA/ Kg#	THB/KG	6.23	▼ THB 13.88	▼ THB 4.09	13.56	▼ THB 6.68
Normalized PAT	Million Baht	60	▼ 92.79%	▼ 85.62%	2,093	▼ 35.03%
Normalized EPS	Baht/ Share	0.07	▼ 92.79%	▼ 85.62%	2.33	▼ 35.03%

# Per Kg based on Qty of Films sales

<b>Polyplex (Thailand) Public Company Limited and its subsidiaries</b>			
<b>Income statement (Audited)</b>			
<b>For the year ended 31 March 2023</b>			
	<b>Consolidated financial statements (Unit: Baht)</b>		<b>% Inc/(Dec)</b>
	<u>2023</u>	<u>2022</u>	
<b>Revenues</b>			
Sales	26,340,656,230	21,544,822,587	22.26%
Exchange gains	21,805,621	351,774,157	-93.80%
Other income	209,551,336	40,312,169	419.82%
<b>Total revenues</b>	<b>26,572,013,187</b>	<b>21,936,908,913</b>	<b>21.13%</b>
<b>Expenses</b>			
Cost of sales	21,578,611,834	15,299,359,580	41.04%
Selling and distribution expenses	1,835,193,209	1,957,190,482	-6.23%
Administrative expenses	597,045,446	538,743,902	10.82%
Loss on derivatives	17,331,139	23,783,124	-27.13%
<b>Total expenses</b>	<b>24,028,181,628</b>	<b>17,819,077,088</b>	<b>34.85%</b>
<b>Operating profit</b>	<b>2,543,831,559</b>	<b>4,117,831,825</b>	<b>-38.22%</b>
Finance Income	35,014,535	19,899,239	75.96%
Finance cost	(151,798,067)	(62,684,738)	142.16%
<b>Profit before income tax expenses</b>	<b>2,427,048,027</b>	<b>4,075,046,326</b>	<b>-40.44%</b>
Income tax expenses	(262,286,503)	(510,144,461)	-48.59%
<b>Profit for the year</b>	<b>2,164,761,524</b>	<b>3,564,901,865</b>	<b>-39.28%</b>
<b>Reported EBITDA for the period ( incl. finance income)</b>	<b>3,666,916,189</b>	<b>5,123,279,164</b>	<b>-28.43%</b>
<b>Profit attributable to:</b>			
Equity holders of the Company	2,095,969,119	3,549,786,703	-40.96%
Non-controlling interests of the subsidiary	68,792,405	15,115,162	355.12%
	<b>2,164,761,524</b>	<b>3,564,901,865</b>	<b>-39.28%</b>
<b>Basic earnings per share (Reported profit/(loss) basis)</b>			
Profit attributable to equity holders of the Company	2.33	3.94	-40.96%
Weighted average number of ordinary shares (share)	<b>900,000,000</b>	<b>900,000,000</b>	
<b>Reported Profit attributable to Equity holders</b>	2,095,969,119	3,549,786,703	-40.96%
<b>Add /(Less): Forex loss /(Forex Gain)</b>	(4,474,482)	(327,991,033)	-98.64%
<b>Normalized Profit after Tax</b>	<b>2,091,494,637</b>	<b>3,221,795,670</b>	<b>-35.08%</b>
<b>Normalized EBITDA</b>	<b>3,662,441,707</b>	<b>4,795,288,131</b>	<b>-23.62%</b>
<b>Basic earnings per share ( Normalized profit basis)</b>			
Profit attributable to equity holders	2.32	3.58	-35.08%
Weighted average number of ordinary shares (share)	<b>900,000,000</b>	<b>900,000,000</b>	

## **Performance Analysis (YoY)**

- Some of the key factors impacting our performance in this financial year are:
  - Temporary slowdown in demand since the third quarter of the year, due to de-stocking through the value chain coupled with start-up of several new lines in India and China impacted the margins in our core business of Thin PET films. A well-diversified product portfolio, geographical presence and long-term customer relationship helped the company place full volume in the market.
  - Global economic slowdown and inflation impacting the demand in industrial segments (mainly electronic and industrial applications which are more discretionary spending items) in almost all regions
  - Decline in ocean freight rates led to drop in import parity pricing which also negatively impacted the margins for an onshore supplier
  - Increase in the utilities costs, especially in Turkey since the third quarter, which could not be entirely passed on to the customers due to the weak market situation also impacted the financial performance of the company. This coupled with other factors as stated above, has significantly impacted the earnings reported for this year
- Overall film sales volumes have increased by 14% YoY, mainly from the ramp up of the new BOPP capacity in Indonesia. The Sales value has increased by about 22% YoY, due to higher volumes (including higher PET resin volumes) and also due to higher selling prices in some of the businesses.
- Due to the THB depreciation YoY (average rate for this year Vs previous year) against USD (about 8.4%) and against IDR (about 3.1%), there is a positive impact of currency fluctuation on the consolidation of the USA and Indonesia subsidiary earnings this year, partly offset by the impact of THB appreciation against Euro (about 4.1%) on the Turkey and Netherlands subsidiary.
- There is a drop in the contribution from PET film business (Thin as well as Thick) mainly due significantly lower margins and lower volumes in Thick Film, resulting from adverse market conditions as explained above. This is partly offset by higher contribution from other value added businesses such as Silicone Coated film and Blown film (higher volumes as well as better margins and also higher contribution from sale of surplus PET resin capacity).
- There is an increase in other income mainly at the US subsidiary due to higher insurance claim income, partly offset by lower insurance claim income at Thailand.
- Increase in cost of sales is due to overall higher sales volumes including the new volumes from the BOPP line in Indonesia and also overall higher raw material prices, mainly PTA (Increase YoY) partly offset by a reduction in MEG prices. The conversion costs have also seen a sharp increase, mainly in the power and natural gas expenses.
- Lower selling expenses is mainly due to lower ocean freight owing to a decline in global freight rates. This is partly offset by increase in other selling expenses such as foreign travel expenses, overseas representative office expenses etc.
- Higher admin expenses are mainly due to general increase in admin expenses at various facilities.
- Decrease in Exchange gains this Year is mainly due to lower unrealized gains on restatement of the Euro term loans at USA as compared to last year. The gains were partially offset by unrealized losses on the restatement of the USD and Euro term loans at Indonesia and Euro loans at Thailand, due to depreciation of the local currencies against USD and Euro.
- There is a decrease in losses on derivatives due to the mark-to-market (MTM) impact on the outstanding forward contracts at Thailand and the subsidiaries.
- There is an increase in Finance income at the Turkey subsidiary mainly due to higher investments as well as rising global interest rates.
- Finance costs are higher mainly due to higher interest rates, 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.
- Lower tax expense is mainly on account of impact of Deferred Tax accounting which is partly offset by higher tax on current year profits. The increase in effective tax rate on a consolidated basis this year is mainly due to the impact of an additional Corporate Income tax of 10% in Turkey, imposed on account of the earthquake. There is a Tax expense from Deferred Tax liability adjustment last year as against Tax income from Deferred Tax asset this year.

## ANALYSIS OF STATEMENT OF FINANCIAL POSITION

<b>Polyplex (Thailand) Public Company Limited and its subsidiaries</b>			
<b>Statement of financial position</b>			
<b>As at 31 March 2023</b>			
<b>Consolidated financial statements</b>			
<b>(Unit: Baht)</b>			
	<u>31 March 2023</u>	<u>31 March 2022</u>	<u>% Inc/(dec)</u>
	(Audited)	(Audited)	
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2,346,976,808	2,201,407,709	6.61%
Trade and other receivables	3,462,408,504	4,035,308,634	-14.20%
Inventories	4,893,010,442	5,043,353,271	-2.98%
Advance payments for purchases of goods	313,698,218	215,619,885	45.49%
Input tax refundable	118,470,539	142,657,999	-16.95%
Other current financial assets	194,372,403	72,051,992	169.77%
Other current assets	262,915,961	93,183,914	182.15%
<b>Total current assets</b>	<b>11,591,852,875</b>	<b>11,803,583,404</b>	<b>-1.79%</b>
<b>Non-current assets</b>			
Restricted bank deposits	625,080	22,363,111	-97.20%
Property, plant and equipment	12,992,190,661	12,904,704,338	0.68%
Deferred tax assets	66,757,340	73,711,077	-9.43%
Goodwill	3,164,328	3,164,328	0.00%
Other intangible assets	361,374	153,867	134.86%
Advance payments for purchases of machinery	416,043,968	419,732,450	-0.88%
Other non-current financial assets	524,030,007	312,827,688	67.51%
Other non-current assets	127,258,544	21,641,159	488.04%
<b>Total non-current assets</b>	<b>14,130,431,302</b>	<b>13,758,298,018</b>	<b>2.70%</b>
<b>Total assets</b>	<b>25,722,284,177</b>	<b>25,561,881,422</b>	<b>0.63%</b>

As at 31 March, 2023, there has been a 2.4% depreciation of THB against the USD (approx. THB 0.80/USD) and 1.5% appreciation against IDR (approx. THB 0.1 per 1000 Rupiah) as compared to the exchange rate on 31 March 2022. The Euro/ THB is about the same level as at March 2022. As a result, the translation of the Company's subsidiaries' Statement of Financial Position has resulted in net translation gain of Baht 33 million.

### **Current assets:**

- Current assets have decreased by THB 201.5 million or 1.7% compared to March 2022.
- Increase in cash and cash equivalents is mainly due to cash generated from operations partly offset by cash deployed in investments and for debt repayments.
- Decrease in Trade Receivables is mainly at USA and Indonesia subsidiaries mainly due to lower volumes and also lower selling prices, in line with lower raw material prices.
- Decrease in Inventories is mainly due to a reduction in stock levels at the subsidiaries in US and Indonesia, partly offset by higher inventory at Thailand and the Turkey subsidiary, mainly in raw materials, process stocks and Stores & Spares.
- Increase in advance payment for purchase of goods is mainly at Turkey and Indonesia subsidiaries.
- Decrease in Input tax refundable is mainly due to decrease in VAT refund receivable at Thailand and Indonesia subsidiary, owing to receipt of pending refunds from the Revenue department.
- Other current financial assets represent mainly the Investments of surplus funds in Bonds and Bond funds at Turkey subsidiary and Derivative assets (MTM Gain on the Forwards contracts). Increase is mainly due to transfer of some non-current investment to current portion in this period and also due to higher MTM gain on forward contracts.
- Increase in Other current assets are mainly due to increase in Insurance claim receivable, Prepaid expenses, Advance taxes and Interest receivable. The insurance claim has been subsequently received in full.

### **Non-current assets:**

- Non-Current assets have gone up by THB 361.9 million or 2.6% as compared to March 2022.
- Reduction in restricted bank deposit is at the Indonesia subsidiary, due to release of letter of guarantee issued by banks to vendors.
- 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.
- Decrease in Deferred tax asset is due to Deferred Tax adjustments as per relevant accounting standard.
- Decrease in Advances for purchase of fixed assets is mainly at Thailand partially offset by higher advances at the US and Thailand subsidiaries for ongoing projects.
- Increase in other non-current assets is mainly at Indonesia due to Corporate Income Tax refundable
- Non-current financial assets refer to some investment of surplus funds by the Turkey subsidiary into financial instruments (mainly Bonds) and increase is due to new investments made during the period

<b>Polyplex (Thailand) Public Company Limited and its subsidiaries</b>			
<b>Statement of financial position (continued)</b>			
<b>As at 31 March 2023</b>			
<b>Consolidated financial statements</b>			
<b>(Unit: Baht)</b>			
	<u>31 March 2023</u> (Audited)	<u>31 March 2022</u> (Audited)	<b>% Inc/(dec)</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term loans from banks	1,194,152,550	1,353,000,000	-11.74%
Trade and other payables	2,166,481,735	2,210,212,139	-1.98%
Current portion of long-term loans from banks	412,015,204	344,778,850	19.50%
Current portion of lease liabilities	12,775,068	7,890,226	61.91%
Income tax payable	51,108,761	247,039,786	-79.31%
Other current financial liabilities	36,729,234	55,363,639	-33.66%
Other current liabilities	460,164,767	768,459,150	-40.12%
<b>Total current liabilities</b>	<b>4,333,427,319</b>	<b>4,986,743,790</b>	<b>-13.10%</b>
<b>Non-current liabilities</b>			
Long-term loans from banks, net of current portion	1,547,874,389	2,033,422,374	-23.88%
Lease liabilities, net of current portion	36,905,605	17,367,104	112.50%
Provision for long-term employee benefits	75,849,161	57,127,859	32.77%
Deferred tax liabilities	453,334,860	535,745,130	-15.38%
Other non-current financial liabilities	6,057,904	9,098,325	-33.42%
Other non-current liabilities	559,031	559,031	0.00%
<b>Total non-current liabilities</b>	<b>2,120,580,950</b>	<b>2,653,319,823</b>	<b>-20.08%</b>
<b>Total liabilities</b>	<b>6,454,008,269</b>	<b>7,640,063,613</b>	<b>-15.52%</b>
<b>Shareholders' equity</b>			
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	16,934,373,620	15,682,898,502	7.98%
Other components of shareholders' equity	(733,912,126)	(760,102,702)	-3.45%
Equity attributable to owners of the Company	19,104,911,172	17,827,245,478	7.17%
Non-controlling interests of the subsidiary	163,364,736	94,572,331	72.74%
<b>Total shareholders' equity</b>	<b>19,268,275,908</b>	<b>17,921,817,809</b>	<b>7.51%</b>
<b>Total liabilities and shareholders' equity</b>	<b>25,722,284,177</b>	<b>25,561,881,422</b>	<b>0.63%</b>

### **Total Liabilities:**

- Total liabilities have decreased by THB 653.3 million or 13.1% as compared to March 2022.
- Decrease in short term borrowings is due to lower borrowings at Thailand.
- Decrease in trade and other payables is due to lower trade payables partly offset by higher payables for the purchase of assets for ongoing Capex investments/ projects.
- Decrease in Long Term Loan is due to Loan repayments by Indonesia and Thailand subsidiary, including some prepayments and unrealized gains on the Euro Loan restatement at the US subsidiary, partly offset by unrealized losses on the loan restatement at the Indonesia and Thailand subsidiary.
- Decrease in Corporate Tax Payable is mainly due to lower tax provision this year on account of reduction in profits.
- Decrease in other current liabilities is mainly due to lower expense provisions including provision for statutory liabilities and reduction in advance payments from customers
- Decrease in current financial liabilities is due to lower MTM loss on Derivative contracts.
- Increase in provision for long-term employee benefits is due to higher provisions at Thailand and the subsidiaries.
- Decrease in Deferred Tax Liabilities is mainly at USA and Indonesia subsidiaries.

### **Major changes in Shareholder Equity:**

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

## **2. Status of Projects:**

### **• Brownfield BOPET Thin film line and Offline Coater in USA**

The Capital Cost of both the projects is USD 127 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. The project is expected to start up in Q2 2024-25.

Please be informed accordingly.

Yours sincerely,

Mr. Amit Prakash  
Managing Director