



MBAX 001/2562

February 22, 2019

Subject : Clarification of the operating results which are deviated more than 20%

To : The Managing Director
The Stock Exchange of Thailand

- ❖ Multibax Public Company Limited would like to clarify the operating results which are deviated more than 20% from the same period last year, for year ended December 31, 2018 as follows:

1. Revenue of sales

Total revenue was accounted for 1,554.37 million Baht, decreased by 90.16 million Baht or 5.48 percent compared to the same period last year (1,644.53 million Baht).

2. Cost of sales

Total cost of sales was accounted for 1,386.82 million Baht, decreased by 122.57 million Baht or 8.12 percent compared to the same period last year (1,509.39 million Baht).

3. Selling and Administrative Expenses

Total selling and administrative expenses were accounted for 102.96 million Baht, increased by 2.88 million Baht or 2.88 percent compared to the same period last year (100.08 million Baht).

4. Finance costs

Finance costs was accounted for 11.34 million Baht, decreased by 1.84 million Baht or 13.96 percent compared to the same period last year (13.18 million Baht).

5. Other Income and Gain on exchange rate

Other income and Gain on exchange rate were accounted for 20.62 million Baht, decreased by 19.00 million Baht or 47.96 percent compared to the same period last year (39.62 million Baht).

6. Tax Expenses (Income tax expenses)

Income tax expenses was accounted for 11.21 million Baht, increased by 11.29 million Baht compared to the same period last year (tax expenses 0.08 million Baht).

7. Net Profit

Net profit was accounted for 82.85 million Baht, increased by 21.43 million Baht or 34.89 percent compared to the same period last year (net profit 61.42 million Baht).

Reasons for the increase of net profit for year ended December 31, 2018 were:

1. Revenue of sales decreased from the lower sales quantity 1,224.26 tons or 6.71 percent, combining with the strengthening of Thai baht starting from last year and continuing further to the second quarter of 2018. The company therefore, recorded less sales in Thai baht. However, the company has carefully managed the sales so to accommodate this volatile situation, so the revenue of sales decreased by 90.16 million baht or 5.48 percent, less than the sales quantity. Then, there were more sales of

LDPE food bag (better margin) and achieved to adjust the price upward with most of the customers. As a result, the average selling price for Q3 and Q4 2018 was higher than those of 2017. This is the main reason of limited negative impact that the company saw in 2018 regarding the strengthening of Thai baht vs the sales value.

2. Cost of sales decreased from 91.78 percent in 2017, down to 89.22 percent in 2018 from the improvement of all relevant administrative activities especially the production units. The company can somehow control the production cost including raw material procurement, number of staff and workers as well as those of variable costs. From these combining activities and plans, the company have seen the reduction of production cost in all products produced. As a result, the gross profit for this year has recorded at 167.55 million Baht, increased by 32.41 million baht or 23.98 percent

3. Total selling and administrative expenses were increased by 2.88 million Baht or 2.88 percent, mainly from the additional administrative expenses from the 3rd party warehouse service contracts for raw material storage, starting from July 2017 up to October 2018 to accommodate the new building construction. Selling expenses also decreased from the selling and export expenses that were tallying with the lower sales quantity.

4. Finance costs decreased by 1.84 million Baht or 13.96 percent, from the proper management of the short-term loans.

5. Other income and gain on exchange rate were decreased by 19.00 million Baht or 47.96 percent, mainly from the decreased of the gain on exchange rate even we see the high fluctuation of Thai baht in 2018 but with an effective management of the company forex portfolio, the gain on exchange rate this year was still recorded.

6. Income tax expenses increased by 11.29 million Baht. In 2018 the company has recorded deferred tax assets which is the outcome from the fact that the company has from the temporary difference between the accounting and the tax base of the allowance for the trade accounts receivable and inventories, including the provisioning of the future liabilities. This is in accordance with the accounting standards that the company are able to recognize a deferred tax asset to the extent that there will be future taxable profits sufficiently to utilize such the tax differences where as in 2017, the tax expense from the temporary differences of the plant and machinery depreciation was recorded.

7. In summary, even though the revenue of sales decreased but the cost of sales decreased more than the revenue of sales, so gross profit was increased by 32.41 million Baht or 23.98 percent. Then the performance has been added up from the income tax expenses and decreased of the finance costs. At the same time, the selling and administrative expense were increased while the other income and gain on exchange rate were decreased, as such, the overall outcome of net profit for this year was recorded at 82.85 million Baht. This net profit was increased by 21.43 million Baht or 34.89 percent when compared to the same period of 2017 (61.42 million Baht). In particular, if we consider the performance of the 3rd quarter this year alone and compared with the same period of 2017, an increase of 26.90 million baht is substantially observed.

For your acknowledgement.

Yours Sincerely,

Signature _____

(Mr. Pisuth Lertvilai)
Deputy Managing Director