



บริษัท ปาโตเคมีอุตสาหกรรม จำกัด (มหาชน)

PATO CHEMICAL INDUSTRY PUBLIC CO., LTD.

Pato Building, 3388 New Petchburi Road, Huaykwang, Bangkok 10310, Thailand.
Tel: (+662) 318-0360, 318-5612 Fax: (+662) 318-0367 E-mail: pato1@cscoms.com

May 14, 2019

President

The Stock Exchange of Thailand

The consolidated financial statement of Pato Chemical Industry Plc. and its subsidiary for Q1 ended March 31, 2019 operational performance are as follows:

Unit : Million

	Comparison 2019 and 2018		
	Amount	Increase(Decrease)	% Change
Total sales	115.98	(28.88)	(19.94)
Cost of Sales	81.79	(11.51)	(12.34)
Gross Profit	34.20	(17.37)	(33.68)

Main reasons for the above performance are as follows:

1. Drought situation with insufficient rainfalls and irrigation water causing shortage of water for cultivation. Prices of agricultural products in many crops has fallen significantly, such as palm oil, para rubber, maize, and sugarcane. Average price of rice paddy increases slightly, but still not up to the level that would be considered good. Therefore, purchasing power of farmers decreased, and demand for agrochemical product decreased as well.
2. Low infestation of insects, weeds, as well as fungus-based diseases.
3. Shortage of raw material and agrochemical products due to strict enforcement of environmental laws in China. Production capacity is limited while some manufacturers of raw materials are forced to shut down. Production capacity is reduced. Prices of raw material increase consequently.
4. Intense competition in the market causing the company to maintain market share with pricing strategies.

The above factors result in total sales and gross profit of Q1/2019 decreased. Even though the cost of sales decreased but the rate of decrease is lower than the rate of decrease in sales, so gross profit margin decreased by 33.68%.



บริษัท พาโตเคมีอุตสาหกรรม จำกัด (มหาชน)
PATO CHEMICAL INDUSTRY PUBLIC CO., LTD.

Pato Building, 3388 New Petchburi Road, Huaykwang, Bangkok 10310, Thailand.
Tel: (+662) 318-0360, 318-5612 Fax: (+662) 318-0367 E-mail: pato1@cscoms.com

Unit : Million Baht

	Comparison 2019 and 2018		
	Amount	Increase (Decrease)	% Change
Gain from Investment	3.31	1.25	60.42
Forex Gain (Loss)	0.75	0.45	152.75
Other Revenue	0.30	(0.78)	(71.93)

Income from investments increased in 2019. Due to volatile stock market condition with increasing SET index from the beginning of 2019, net investment income, mainly from profit from sales of investments, unrealized capital gain from equity investments decreased but saw an increase in dividend received. The Company has the policy to minimize forex risk exposure from fluctuations with forward contracts resulting in an increase of forex gain. Other income increased from trading in old vehicle.

Unit: Million Baht

	Comparison 2019 and 2018		
	Amount	Increase(Decrease)	% Change
Cost of sales	7.04	(1.43)	(16.84)
Administrative Cost	9.35	(0.33)	(3.46)
Financial Cost	0.52	0.30	132.14
Income Tax	4.28	(2.74)	(39.09)

Selling Expenses in 2019 sees a decrease. The decrease in sales is from the decline in market demand. Price competition intensifies under tough market condition. To maintain market share, the company increased spending on sales promotions, selling expenses decreased at the lower rate than the decrease in sales such as sales promotion, commission, transportation expenses, and registration fee. Administrative expenses sees a slightly decrease on employee benefits.

Financial Cost for 2019 show significantly increase due to longer T/R payoff period awaiting for favorable time and opportunity to cover forex risk exposure with forward contracts to avoid impact from the currency exchange and that took a longer period of T/R, in addition, the increase in T/R interest rate led to the increase in interest expenses.

Income Tax of 2019 show a decrease due to the decrease in company performance and resulting in a decrease in income before tax.



บริษัท พาโตเคมีอุตสาหกรรม จำกัด (มหาชน)
PATO CHEMICAL INDUSTRY PUBLIC CO., LTD.

Pato Building, 3388 New Petchburi Road, Huaykwang, Bangkok 10310, Thailand.
Tel: (+662) 318-0360, 318-5612 Fax: (+662) 318-0367 E-mail: pato1@cscoms.com

From the reasons mentioned above, the company sees a net profit for Q1/2018 ended March 31 of 17.37 million baht, a decrease of 12.24 million baht or a difference of 41.33% y-o-y.

Unit: Million Baht

	Comparison Ended December 31, 2018 with December 30, 2017		
	Amount	Increase (Decrease)	% Change
Total Assets	788.04	(3.27)	(0.41)
Total Liabilities	181.20	(23.11)	(11.31)
Shareholders' Equity	606.84	19.84	3.38

Total assets decrease from the change in cash, cash equivalents, and short-term investments. Account receivables, other receivables significantly decrease. Inventories increase from the purchase of raw materials especially in Q1 to fulfill production to meet market demand for the next quarter. In addition, available-for-sales investment show the gain from the difference of fair value during the fluctuated and risen of the stock market and resulting in the decrease in deferred tax. There was the purchase of a new car to replace the old one.

Liabilities show a decrease of short-term loan from financial institutions (T/R) due to the volatility of the forward contract done to mitigate the impact of forex, the increase of interest rate led to the faster T/R pay off. The increase of imported raw materials, led to the increase in total liabilities.

The increase in Shareholders' equity are from operational result of the Company and its subsidiary, and other items including the decrease in unrealized loss on securities available-for-sales due to risen stock prices by the quarter end.

The company has a strong financial structure with a current ratio of 3.89 and debt-to-equity ratio of 0.30

Yours faithfully,

(Metha Trillit)

President