

Subject : Management Discussion and Analysis for year and 4<sup>th</sup> quarter ended December 31, 2019

Attention : President

The Stock Exchange of Thailand

## 1. Operating Performance

### 1.1 Revenues

Consolidated financial statements							(Thousands Baht)	
	Year		Change		4th Quarter		Change	
	2019	2018	Amount	%	2019	2018	Amount	%
Revenue from sales	2,334,510	1,540,078	794,432	51.58%	607,273	371,532	235,741	63.45%
Other income	41,223	31,132	10,091	32.41%	10,646	11,601	-955	-8.23%
Total Revenue	2,375,733	1,571,210	804,523	51.20%	617,919	383,133	234,786	61.28%

Company total revenue on year and 4<sup>th</sup> quarter of year 2019 increased 51.20 and 61.28 percent from the same period of last year. Main attribution is increasing in sales quantities from 2<sup>nd</sup> production line. The effect from Thai Baht appreciation and decreasing in selling price from 4<sup>th</sup> quarter of 2018 affect revenue from sales slightly increase in comparison to increasing in sales quantities. Even though selling price in second half of year 2019 was higher than first half of this year, the price was still lower than average price of year 2018.

Other income on year 2019 increased 32.41 percent for a reason of increasing in gain from exchange rate. While other income of 4<sup>th</sup> quarter of 2019 slightly decreased 8.23 percent, since the 4th quarter of last year had booked for gained of fixed assets sold.

## 1.2 Cost of goods sold and expenses

Consolidated financial statements							(Thousands Baht)		
	Year		Change		4th Quarter		Change		
	2019	2018	Amount	%	2019	2018	Amount	%	
Cost of goods sold	-1,889,169	-1,116,184	-772,985	69.25%	-507,995	-313,064	-194,931	62.27%	
Selling expenses	-330,341	-212,080	-118,261	55.76%	-77,046	-51,037	-26,009	50.96%	
Administrative expenses	-62,841	-74,579	11,738	-15.74%	-16,567	-12,133	-4,434	36.54%	
Finance Costs	-25,793	-5,247	-20,546	391.58%	-6,176	-4,739	-1,437	30.32%	
Total	-2,308,144	-1,408,090	-900,054	63.92%	-607,784	-380,973	-226,811	59.53%	

Cost of goods sold on year and 4<sup>th</sup> quarter of 2019 increased 69.25 and 62.27 percent, from the same period of last year, due to higher sale volume from 2<sup>nd</sup> production line and higher production expenses from temporally machine shut down in order to install additional environmental control system.

Selling expenses on year and 4<sup>th</sup> quarter of 2019 increased 55.76 and 50.96 percent from the same period of last year, due to higher sale volume from 2<sup>nd</sup> production line.

Administrative expenses for consolidated financial statement on year of 2019 decreased 15.74 percent from the same period of last year, due to additional administrative expenses from expanding in 2<sup>nd</sup> production line was done in the end of 3<sup>th</sup> quarter of last year, lead to decreasing in administrative expenses. Comparing to 4<sup>th</sup> quarter, administrative expenses increased 36.54 percent from the same period of last year due to administrative expenses for construction of S.Kleber Chemical Co,Ltd which has begun since 4<sup>th</sup> quarter of 2019

Financial cost on year and 4<sup>th</sup> quarter of 2019 increased significantly 391.58 and 30.32 percent from the same period of last year, caused by loan drawdown for 2<sup>nd</sup> production line investment project.

As a result, cost of goods sold and expenses on year and 4<sup>th</sup> quarter of 2019 increased significantly 63.92 and 59.53 percent from the same period of last year.

### 1.3 Profit

Consolidated financial statements							(Thousands Baht)	
	Year		Change		4th Quarter		Change	
	2019	2018	Amount	%	2019	2018	Amount	%
Gross profit	445,341	423,894	21,447	5.06%	99,278	58,468	40,810	69.80%
Profit before income tax	67,588	163,120	-95,532	-58.57%	10,134	2,160	7,974	369.17%
Net profit for period	60,392	206,786	-146,394	-70.79%	14,344	60,678	-46,334	-76.36%

From revenues, cost of goods sold and expenses factors, company profit before income tax of year and 4<sup>th</sup> quarter 2019 was 67.59 and 10.13 million baht decreased 58.57 and 369.17 percent and net profit of year and 4<sup>th</sup> quarter ended December 31,2019 was 60.39 and 14.34 million baht decreased 70.79 and 76.36 percent from the same period of last year. In 4<sup>th</sup> quarter of last year company recognized tax income from BOI incentives that permit to carry forward losses (as in the early stage of first production line operation, company has annual losses) and deduct them as expenses for up to five years after BOI expiration.

Sincerely Yours,

(Ms. Orawan Sangwongkit)

Chief Financial Officer