

August 11, 2020

Subject : Management Discussion and Analysis for Six-month and 2nd quarter ended June 30, 2020

Attention : President

The Stock Exchange of Thailand

Operating Performance

1. Revenues

Consolidated financial statements								(Thousands Baht)	
	Six-month		Change		2 nd Quarter		Change		
	2020	2019	Amount	%	2020	2019	Amount	%	
Revenue from sales	1,165,249	1,068,077	97,172	9.10%	538,525	512,616	25,909	5.05%	
Other income	7,113	19,836	-12,723	-64.14%	2,919	7,490	-4,571	-61.03%	
Total Revenue	1,172,362	1,087,913	84,449	7.76%	541,444	520,106	21,338	4.10%	

Company total revenue on six-month and 2nd quarter of year 2020 slightly increased 7.76 and 4.10 percent from the same period of last year. Revenue from sales on first half increased 9.10 percent from increase in sale volumes and higher selling price. Revenue from sales on 2nd quarter increased 5.05 percent, caused by higher selling price and Thai Baht depreciation. Other income on six-month and 2nd quarter of year 2020 significantly decreased 64.14 and 61.03 percent from the same period of last year affected by foreign exchange volatility during the Covid-19 pandemic in first quarter that lead to accumulated loss on exchange rate.

2. Cost of goods sold and expenses

Consolidated financial statements								(Thousands Baht)	
	Six-month		Change		2 nd Quarter		Change		
	2020	2019	Amount	%	2020	2019	Amount	%	
Cost of goods sold	-871,370	-878,786	7,416	-0.84%	-386,316	-425,620	39,304	-9.23%	
Selling expenses	-140,311	-155,122	14,811	-9.55%	-74,496	-70,430	-4,066	5.77%	
Administrative expenses	-48,136	-28,711	-19,425	67.66%	-9,893	-14,620	4,727	-32.33%	
Finance Costs	-8,303	-12,476	4,173	-33.45%	-3,564	-6,728	3,164	-47.03%	
Total	-1,068,120	-1,075,095	6,975	-0.65%	-474,269	-517,398	43,129	-8.34%	

Cost of goods sold on six-month slightly decreased 0.84 percent from the same period of last year, due to lower raw material cost. Cost of goods sold on 2nd quarter decreased 9.23 percent due to lower raw material cost and slightly decreased in sale volume.

Selling expenses on six-month of 2020 slightly decreased 9.55 percent from the same period of last year, due to the higher sales volume in FOB incoterm, resulting in decrease in freight charges. In the 2nd quarter of 2020, selling expense slightly increased 5.77 percent from the same period of last year, due to increase in total freight charges, though sales in FOB incoterm were increased.

Administrative expenses on six-month of 2020 significantly increased 67.66 percent from the same period of last year, mainly due to administrative expenses for construction of S.Kleber Chemical Co,Ltd which has begun since 4th quarter of 2019, in addition to foreign exchange volatility during the Covid-19 pandemic in first quarter that lead to accumulate loss on exchange rate. However, administrative expenses on 2nd quarter of 2020 decreased 32.33 percent, mainly due to gain on exchange rate.

Financial cost on six-month and 2nd quarter of 2020 decreased 33.45 and 47.03 percent from the same period of last year, mainly due to bank interest rate reduction and long-term loans repayment.

As a result, cost of goods sold and expenses on six-month and 2nd quarter of 2020 decreased 0.65 and 8.34 percent from the same period of last year.

3. Profit

Consolidated financial statements							(Thousands Baht)	
	Six-month		Change		2 nd Quarter		Change	
	2020	2019	Amount	%	2020	2019	Amount	%
Gross profit	293,879	189,291	104,588	55.25%	152,209	86,996	65,213	74.96%
Profit before income tax	104,242	12,818	91,424	713.25%	67,175	2,708	64,467	2,380.61%
Net profit for period	91,827	9,878	81,949	829.61%	61,541	6,189	55,352	894.36%

From revenues, cost of goods sold and expenses factors, company profit before income tax of six-month and 2nd quarter 2020 was 104.24 and 67.18 million baht increased 713.25 and 2,380.61 percent and net profit of six-month and 2nd quarter ended June 30, 2020 was 91.83 and 61.54 million baht increased 829.61 and 894.36 percent from the same period of last year.

Sincerely Yours,

(Ms. Orawan Sangwongkit)

Chief Financial Officer