

November 2, 2020

**Subject : Interim Management Discussion and Analysis of Q3/2020**  
**Attention : President of The Stock Exchange of Thailand**

We attach herewith the financial statements of Global Connections Public Co., Ltd. (GC) for the three-month period ended 30 September 2020 which had been reviewed by the Independent Auditor and would like to clarify more details on the Interim Management Discussion and Analysis as follows :

**FINANCIAL SUMMARY**

	<b>31.12.18</b>	<b>31.12.19</b>	<b>30.09.20</b>
<b>FINANCIAL POSITION (MILLION BAHT)</b>			
Current Assets	1,154	1,054	1,059
Total Assets	1,268	1,185	1,318
Current Liabilities	808	698	829
Total Liabilities	817	707	841
Shareholder's Equity	451	478	477
<b>OPERATING RESULT (MILLION BAHT)</b>			
Sales Revenue	3,660	3,610	2,570
Gross Profit	263	274	213
Operating Profit	124	154	119
Profit for the period	86	115	91
Other comprehensive income	0.4	0	0
Total comprehensive income for the period	86	115	91
<b>FINANCIAL RATIOS</b>			
Return on Assets (%)	6.84	9.36	9.73
Return on Equity (%)	19.17	24.72	25.51
Net Profit Margin (%)	2.35	3.18	3.55
Current Ratio (Times)	1.43	1.51	1.28
Debt to Equity Ratio (Times)	1.81	1.48	1.76
Book Value per Share (Baht)	2.25	2.39	2.39
Net Profit per Share (Baht)	0.43	0.57	0.46

## **Interim Management Discussion and Analysis**

### **Analysis of Overall Performance**

The distribution business of the plastic resins, plastic, and petrochemical related products needs relatively high working capital. The key success factors of this business depend on the inventory management, the logistic systems that meet the clients' needs in time, cost of capital, receivables management and sales revenue. Due to this business has low gross profit margin, to build up more sales revenue will result in good net profit.

### **Sales revenue**

The Company had total sales revenue of Baht 862.8 million in Q3/2020, decreased Baht 92.0 million from Baht 954.8 million of Q3/2019 or equivalent to 9.64%. This was mainly due to the decline in selling price resulting from the impact of Covid-19 pandemic. However, the total sales volume of Q3/2020 was increased by 3.88% compared to those of Q3/2019 due to the rise in demand of plastic packaging products.

### **Financial Operating Results**

In Q3/2020, total cost of sales and operating expenses were Baht 820.6 million, decreased by Baht 95.6 million from Baht 916.2 million of Q.3/2019 or equivalent to 10.43%. Our major expense was costs of goods sold, a decrease of Baht 96.4 million from Baht 882.5 million of Q3/2019 to be Baht 786.1 million in Q3/2020 or 10.92% decreased from last year's which was higher than sales dropping rate reflecting from the upward gross profit margin of 2020.

The gross profit in Q3/2020 was increased from Baht 72.3 million to be Baht 76.7 million or equivalent to 6.07% resulting from the rise in gross profit margin from 8.13% in Q3/2019 to be 9.39%. This was derived from our well manage in purchase timing.

Total selling and administrative expenses increased by Baht 0.8 million from Baht 33.7 million in Q3/2019 to be Baht 34.5 million, or 2.35% increased. This was due to an increase in depreciation of Baht 0.8 million.

The interest expenses in Q3/2020 was Baht 1.5 million, or 50.18% decreased from Baht 3.0 million of Q3/2019. This was due to the downward trend of interest rate during Q3/2020.

As a result of the discussed factors, our profit for three-month period of Q3/2020 was Baht 34.9 million versus Baht 30.8 million in Q3/2019 or equivalent to 13.57% increased.

## **Comparison of Financial Position (FY30.09.2020 VS 31.12.2019)**

**Assets:** As of 30 September 2020, GC recorded total assets of Baht 1,318 million, representing an increase of Baht 133 million from Baht 1,185 million of 31 December 2019 or equivalent to 11.24% increased. The assets with major changed were as follows :

As of 30 September 2020 total current assets showed Baht 1,059 million, an increase of Baht 5 million or 0.49% from year-end 2019's. This was mainly due to the increase of trade accounts receivable. The trade accounts receivable was increased by Baht 37 million from Baht 592 million in year-end 2019 to be Baht 629 million in Q3/2020, or 6.34% increased resulting from the higher collection period.

While inventory showed Baht 396 million as of 30 September 2020, a decrease of Baht 13 million from Baht 409 million of ending 2019 or 3.24% decreased resulting from the lower purchasing volume during year-end 2019.

**Liabilities :** As of 30 September 2020, GC recorded total liabilities of Baht 841 million, an increase of Baht 134 million or 18.93% from the previous year-end. The major liabilities were short-term loans from financial institutions and trade accounts payable. The ending 2019 balance of short-term loan was Baht 521 million versus 601 million as of Q3/2020 or equivalent to 15.28% increased resulting from the higher in trade accounts receivable. The trade accounts payable as of Q3/2020 was Baht 199 million, an increase of Baht 63 million from Baht 136 million of ending 2019 or 46.34% increased. As a result, the Debts to Equity Ratio as of Q3/2020 was 1.76 times compared to 1.48 times of ending 2019.

**Sources of Funds :** The structure of GC's funds in 2020 was not much different from those of 2019 as they were in term of short-term liabilities. The major liabilities were short-term loans from financial institutions, bank overdrafts, and trade accounts payable.

**Shareholders' Equity:** As of 30 September 2020, the portion of shareholders' equity amounted to Baht 477 million, a decrease of Baht 1 million, or 0.14% from those of previous year-end, derived from profit for the period of 9M/2020 Baht 91 million deducted dividend paid out of Baht 92 million.

**Liquidity:** In 2020 GC had better liquidity. Since after listed, GC had good fund from the IPO proceeds at the end of 2005 and the working capital from deposits redemption at the beginning of 2006. This caused a better working capital management to reduce the cost of fund.

In Q3/2020 GC had a current ratio at 1.28 times compared to 1.51 times of ending 2019, which was due to the rise in both short-term loan from financial institutions as well as trade accounts payable.

Yours truly,

(Somchai Kulimakin)

Chairman of The Executive Committee