

(Translation)



14 February 2020

Sub: Explanation on the Company's performance for 3-month period ended 31 December 2019

To: President  
The Stock Exchange of Thailand

Encl: 1 set of report and the audited financial statements for 3-month period ended 31 December 2019

Thai Rayon Public Company Limited ("the Company") would like to explain its financial statements for 3-month period ended 31 December 2019 in comparison with for 3-month period ended 31 December 2018. The details of financial statements are set out in the attached note.

Income Statements (equity method) (Unit in Million Baht)	For 3-month period ended 31 December			
	2019	2018	Increase/(Decrease)	
Sales	1,645	2,355	(710)	(30%)
Gains on exchange	19	15	4	27%
Other income	18	15	3	19%
Cost of sales	1,741	2,150	(409)	(19%)
Selling and distribution expenses	85	95	(10)	(11%)
Administrative expenses	71	61	10	16%
Share of profit (loss) from investments in associates	(34)	112	(146)	(131%)
Income tax (Expenses) / Credit	33	(5)	38	830%
<b>Profit (loss) for the period</b>	<b>(217)</b>	<b>185</b>	<b>(401)</b>	<b>(217%)</b>
Basic earnings per share (Baht)				
Profit for the period	(1.07)	0.92		
Gross profit margin	(6%)			
Net profit margin	(13%)			



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1. Income statements (In which the equity method is applied) for the 3-month period ended 31 December 2019 in comparison with for the 3-month period ended 31 December 2018.

Net loss for the 3-month period ended 31 December 2019 was Baht 217 Million compared to net profit of Baht 185 Million during the same period of last year, a decrease of Baht 401 Million or 217%. The significant changes are as follows:

- 1) Sales revenues decreased by 30% or Baht 710 Million due to lower sales realization and lower sales volume.
- 2) Gains on exchange increased by 27% or Baht 4 Million. The Company follows consistent policy of internal hedging.
- 3) Cost of sales decreased by 19% or Baht 409 Million mainly due to lower sales volume and lower input prices.
- 4) Share of profit (loss) from investments in associated companies decreased by 131% or Baht 146 Million due to lower performance of most of the associated companies.
- 5) Income tax income increased by 830% or Baht 38 Million mainly due to taxable loss during this quarter.
- 6) Exchange differences on translation of financial statements in foreign currency decreased by 46% or Baht 24 Million due to appreciation of Thai Baht against foreign currencies.
- 7) Losses on change in value of available-for-sale investments decreased by 77% or Baht 109 Million due to change in market price and appreciation of Thai Baht.
- 8) Income tax effect decreased by 77% or Baht 22 Million mainly due to change in market value of available-for-sale investments as compared to same period of last year.
- 9) Gross profit (loss) margin was at (6%) compared to 9% mainly due to lower sales realization whereas net profit (loss) margin was at (13%) compared to 8% of the same period of last year mainly due to lower realization and lower performance of most of the associated companies.

As per reasons mentioned above, the loss per share for 3-month period ended 31 December 2019 is Baht (1.07) as compared to earnings per share of Baht 0.92 of last year.



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2. Statements of financial position as of 31 December 2019 in comparison with as of 31 March 2019

As of 31 December 2019, total assets decreased by 7% or Baht 1,723 Million, total liabilities decreased by 34% or Baht 697 Million and shareholders' equity decreased by 4% or Baht 1,026 Million as compared to as of 31 March 2019. The significant changes are as below.

**A. ASSETS**

- 1) Cash and cash equivalents increased by 99% or Baht 174 Million mainly due to increase in cash holdings for period less than three months.
- 2) Current investments decreased by 6% or Baht 203 Million as there is increase in cash and cash equivalents.
- 3) Trade and other receivables decreased by 34% of Baht 467 Million due to lower sales volume and lower sales realization.
- 4) Inventories decreased by 30% or Baht 502 Million mainly due to lower inventory of raw materials and lower input prices.
- 5) Other current assets decreased by 29% or Baht 42 Million mainly due to receipt of old VAT refund during this quarter.
- 6) Deferred tax assets increased by 79% or Baht 33 Million mainly due to higher provision of retirement benefits and taxable forward losses.

**B. LIABILITIES AND SHAREHOLDERS' EQUITY**

- 1) Trade and other payables decreased by 46% or Baht 725 Million mainly due to lower inventory of raw materials and lower input prices.
- 2) Other current liabilities increased by 74% or Baht 19 Million mainly due to increase in advance from customers and withholding tax payable.
- 3) Provision for long-term employee benefits increased by 31% or Baht 50 Million due to change in labor law on severance pay.



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Please be informed accordingly.

Yours faithfully,

For THAI RAYON PUBLIC COMPANY LIMITED



Mr. Pramod Khandelwal

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