

14 August 2019

Sub: Explanation on the Company's performance for 3-month period ended 30 June 2019

To: President
The Stock Exchange of Thailand

Encl: 1 set of report and the audited financial statements for 3-month period ended 30 June 2019

Thai Rayon Public Company Limited ("the Company") would like to explain its financial statements for 3-month period ended 30 June 2019 in comparison with for 3-month period ended 30 June 2018. The details of financial statements are set out in the attached note.

| Income Statements (equity method) <i>(Unit in Million Baht)</i> | For 3-month period ended 30 June | | | |
|--|----------------------------------|------------|---------------------|---------------|
| | 2019 | 2018 | Increase/(Decrease) | |
| Sales | 2,008 | 2,388 | (380) | (16%) |
| Gains (losses) on exchange | 17 | (5) | 22 | 440% |
| Dividend income | 0.84 | 0.88 | (0.04) | (5%) |
| Other income | 17.7 | 13.3 | 4.4 | 33% |
| Cost of sales | 1,931 | 2,145 | (214) | (10%) |
| Selling expenses | 93 | 91 | 2 | 2% |
| Administrative expenses | 53 | 49 | 4 | 8% |
| Share of profit from investments in associates | (209) | 599 | (808) | (135%) |
| Income tax income (expenses) | 4 | (21) | 25 | 120% |
| Profit (loss) for the period | (239) | 689 | (928) | (135%) |
| | | | | |
| <u>Basic earnings per share (Baht)</u> | | | | |
| Profit for the period | (1.18) | 3.42 | | |
| | | | | |
| Gross profit margin | 4% | 10% | | |
| Net profit margin | (12%) | 29% | | |

1. Income statements (In which the equity method is applied) for the 3-month period ended 30 June 2019 in comparison with for the 3-month period ended 30 June 2018.

Net loss for the 3-month period ended 30 June 2019 was Baht 239 Million compared to net profit of Baht 689 Million during the same period of last year, a decrease of Baht 928 Million or 135%. The significant changes are as follows:

- 1) Sales revenues decreased by 16% or Baht 380 Million due to lower sales volume and lower realization.
- 2) Gains (loss) on exchange increased by 440% or Baht 22 Million. The Company follows consistent policy of internal hedging.
- 3) Other income increased by 33% or Baht 4 Million due to more interest income.
- 4) Cost of sales decreased by 10% or Baht 214 Million mainly due to lower input cost and lower sales volume.
- 5) Share of profit from investments in associated companies decreased by 135% or Baht 808 Million due to lower profitability from some of the associated companies.
- 6) Income tax income (expenses) increased by 120% or Baht 25 Million due to taxable profits as compared to taxable losses in same period of last year.
- 7) Exchange differences on translation of financial statements in foreign currency increased by 742% or Baht 80 Million due to change in exchange rate.
- 8) Gains (losses) on change in value of available-for-sale investments increased by 219% or Baht 175 Million due to change in market price.
- 9) Income tax effect increased by 219% or Baht 35 Million mainly due to change in market value of available-for-sale investments as compared to same period of last year.
- 10) Gross profit margin was at 4% compared to 10% mainly due to lower realization whereas net profit margin reduced to (12%) against 29% compared to same period of last year mainly due to lower realization, lower sales volume and lower profitability from some of the associated companies.

As per reasons mentioned above, the loss per share for 3-month period ended 30 June 2019 is Baht (1.18) as compared to earnings per share of Baht 3.42 of last year.

2. Statements of financial position as of 30 June 2019 in comparison with as of 31 March 2019

As of 30 June 2019, total assets decreased by 2% or Baht 531 Million, total liabilities decreased by 14% or Baht 278 Million and shareholders' equity decreased by 1% or Baht 253 Million compared to as of 31 March 2019. The significant changes are as below.

A. ASSETS

- 1) Cash and cash equivalents increased by 255% or Baht 448 Million mainly due to increase in deposits for period less than three months.
- 2) Current investments decreased by 14% or Baht 455 Million mainly due to reduction in deposits for period more than 3 months.
- 3) Other current assets increased by 59% or Baht 85 Million due to one month VAT receivable increased.

B. LIABILITIES AND SHAREHODLERS' EQUITY

- 1) Trade and other payables decreased by 22% or Baht 347 Million due to lower input prices and volume of some raw materials.
- 2) Other current liabilities increased by 33% or Baht 9 Million mainly due to more advance from customers.
- 3) Provision for long-term employee benefits increased by 25% or Baht 41 Million due to change in labor law on severance pay.

Please be informed accordingly.

Yours faithfully,

For THAI RAYON PUBLIC COMPANY LIMITED

Mr. Pramod K Khandelwal
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