

14 November 2019

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

To: President
The Stock Exchange of Thailand

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

Thai Rayon Public Company Limited ("the Company") would like to explain its financial statements for 3-month period ended 30 September 2019 in comparison with for 3-month period ended 30 September 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 September			
	2019	2018	Increase/(Decrease)	
Sales	2,011	2,433	(422)	(17%)
Gains on exchange	27	20	7	34%
Gains on disposal of asset held for sale	-	21	(21)	(100%)
Dividend income	6.8	6.4	0.4	6%
Other income	19	16	3	19%
Cost of sales	1,986	2,154	(168)	(8%)
Selling and distribution expenses	94	103	(9)	(9%)
Administrative expenses	50	50	-	-
Share of profit (loss) from investments in associates	(33)	234	(267)	(114%)
Income tax income	7	3	4	136%
Profit (loss) for the period	(92)	426	(518)	(122%)
<u>Basic earnings per share (Baht)</u>				
Profit for the period	(0.46)	2.12		
Gross profit margin	1%	11%		
Net profit margin	(4%)	17%		

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

Net loss for the 3-month period ended 30 September 2019 was Baht 92 Million compared to net profit of Baht 426 Million during the same period of last year, a decrease of Baht 518 Million or 122%.

The significant changes are as follows:

- 1) Sales revenues decreased by 17% or Baht 422 Million due to lower sales realization.
- 2) Gains on exchange increased by 34% or Baht 7 Million. The Company follows consistent policy of internal hedging.
- 3) Gains on disposal of asset held for sale decreased by 100% or Baht 21 Million due to gain from sale of one of the associate in same period of last year.
- 4) Cost of sales decreased by 8% or Baht 168 Million mainly due to lower input prices.
- 5) Share of profit (loss) from investments in associated companies decreased by 114% or Baht 267 Million due to lower performance of most of the associated companies.
- 6) Income tax income increased by 136% or Baht 4 Million mainly due to increase in deferred tax assets as compared to same period of last year.
- 7) Exchange differences on translation of financial statements in foreign currency increased by 90% or Baht 71 Million due to appreciation of Thai Baht against foreign currencies.
- 8) Losses on change in value of available-for-sale investments increased by 167% or Baht 135 Million due to change in market price.
- 9) Income tax effect increased by 167% or Baht 27 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 1% compared to 11% mainly due to lower fibre prices whereas net profit margin reduced to (4%) compared to 17% 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 30 September 2019 is Baht (0.46) as compared to earnings per share of Baht 2.12 of last year.

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

As of 30 September 2019, total assets decreased by 4% or Baht 947 Million, total liabilities decreased by 7% or Baht 139 Million and shareholders' equity decreased by 3% or Baht 808 Million as compared to as of 31 March 2019. The significant changes are as below.

A. ASSETS

- 1) Cash and cash equivalents increased by 283% or Baht 496 Million mainly due to increase in cash holdings for period less than three months.
- 2) Current investments decreased by 14% or Baht 475 Million mainly due to reduction in current investment for period more than 3 months.
- 3) Deferred tax assets increased by 24% or Baht 10 Million mainly due to higher provision of retirement benefits.

B. LIABILITIES AND SHAREHOLDERS' EQUITY

- 1) Income tax payable increased by 100% or Baht 5 Million due to taxable profit during the period.
- 2) Other current liabilities increased by 81% or Baht 21 Million mainly due to increase in advance from customers.
- 3) Provision for long-term employee benefits increased by 28% or Baht 44 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
VP (Finance & Commercial)