



-Translation-

THIP-SET/035/2019

August 14, 2019

Subject : Filing of Reviewed Financial Statements for the 2nd
Quarter of 2019 and 2018 and Management
Discussion and Analysis

Attention : The President
The Stock Exchange of Thailand

Enclosures : 1. Reviewed Financial Statements and the Auditor's
Review Report for the 2nd Quarter of 2019 and 2018
2. Management Discussion and Analysis

The Board of Directors Meeting No. 4/2019 of Thantawan Industry Public Company Limited which was held on August 14, 2019 had approved the Reviewed Financial Statements for three-month and six-month period ended June 30, 2019. The Management Discussion and Analysis for the 2nd Quarter of this year can be clarified as attached.

Please be informed accordingly.

Very truly yours,

(Mr.Detbordin Riensubdee)(Mrs.Pojanard Prinyapatpakorn)

Authorized Director



OFFICE

32nd Fl., Sun Towers Bldg.A, 123 Vibhavadi-Rangsit Rd., Chomphon, Chatuchak, Bangkok 10900 Thailand.
Tel. + 66 2273 8333 Fax. + 66 2273 8282 , 273 8484 Website : www.thantawan.com

FACTORY

143-144 Moo 8, Soi Kangval 2, Phetkasem Rd., Omyai, Sampran, Nakornpathom 73160 Thailand.
Tel. + 66 2431 3051 , 811 4700 Fax. + 66 2420 3180 Website : www.thantawan.com



Management Discussion and Analysis for Q2 2019

A) Results of Operations

The net profit after tax of Q2 2019 was THB 39.4 million which decreased by THB 34.3 million or 46.5% compared to the same quarter 2018. Earnings per share was THB 0.49, less than Q2 2018 by THB 0.43 mainly because of the below factors:

- Overall sales decreased 13.3% compared to the same period in 2018, which was reduced from export sales due to the global economic slowdown and the global anti-plastic around the world pressure customers to adjust new strategies, therefore delaying orders. So, the company tried to expand to US market which we currently have small market share.

While domestic sales slightly improved especially drinking straw products growth by 25% which mainly from biodegradable and environmentally friendly straw.

The company continues to develop plastic substitute products that are biodegradable and environmentally friendly to support the changing market needs which their sales grew 5 times from the previous year.

Sales Revenue	Drinking Straw		Plastic Bags		Other Products		Total Sales Revenue	
	Q2/2019	Q2/2018	Q2/2019	Q2/2018	Q2/2019	Q2/2018	Q2/2019	Q2/2018
Export sales	36.4	71.4	530.6	616.6	27.7	23.6	594.7	711.6
Domestic sales	38.5	28.7	63.2	68.4	13.4	17.5	115.1	114.6
Total sales	74.9	100.1	593.8	685.0	41.1	41.1	709.8	826.2

- The cost of production and overall expenses decreased by 9.3 % in accordance with the decrease in sales. The main reason was from Q2 2019 the company adjusted provision for long-term employee benefits according to the new labor law in the amount of THB 9.3 million. In addition, the increase in depreciation of fixed assets (Plant, machinery, IT system and infrastructure) amounted THB 7.1 million. Partly we invested in warehouse to replace rental space. After transition between locations completed and can run efficiently, some of rental expense will reduced.




Mr. Detbordin Riensubdee
Director


Mrs. Pojanard Prinyapatpakorn
Director

- Gross profit margin in Q2 2019 was 18.2% while 19.5% in Q2 2018. The decrease partly came from higher expenses as mention earlier. On the other hand, customer mix and product mix changed from last year since we expanded to US market which is very competitive but large market opportunity. However, the company will develop and cross sell higher value products to the market.

B) Financial position

Assets

As of June 30, 2019, Company's total assets were THB 2,114.4 million, increased from December 31, 2018 by THB 50.1 million or 2.4%. Significant changes in assets were followings;

1.) Total current assets were THB 1,186.7 million, decreased by THB 4.9 million or 0.4% due to.

1.1 Inventories decreased by THB 39.9 million or 9.0% compared to December 31, 2018. mainly from the high sales volume at the end of the quarter which relates to the increase in trade accounts receivable.

1.2 Trade accounts receivables increased by THB 32.3 million or 11.8% mainly from increase in high sales volume at the end of the quarter. Together with the increasing proportion of US customers, which is a credit term longer than Europe and Asia according to geography.

2.) Non-current assets totaled THB 927.7 million, increased from December 31, 2018 amount of THB 55.0 million or 6.3%, resulting from investments in fixed assets (machinery and installation systems) by THB 39.8 million. or 72.4% of total current assets increased.

Liabilities and Shareholders' Equity

As of June 30, 2019, company's total liabilities were THB 466.8 million, increased from December 31, 2018 amount of THB 67.4 million or 16.9%. Significant changes in liabilities and shareholders' equity were followings;

- Trade and other payables increased by THB 80.4 million or 29.4% due from trade account payables are not yet due.
- Long-term employee benefits increased from the provision of new labor laws in the amount of THB 9.3 million or 13.8%




Mr. Detbordin Riensubdee
Director


Mrs. Pojanard Prinyapatpakorn
Director

Shareholders' equity as of June 30, 2019 was THB 1,420.8 million, decreased by THB 17.3 million or 1.2% compared to December 31, 2018 totally added up from the comprehensive income for the six months of 2019, less dividends paid.

C) Key Financial Ratios

Description	Unit	Q2 2019	Q2 2018
Gross profit margin	%	18.16%	19.45%
Net profit margin	%	5.50%	8.92%
Return on shareholders' equity	%	2.35%	4.71%
Return on total assets	%	1.89%	3.68%
Liquidity ratio	Times	2.89	3.52
Cash cycle	Days	53	54
Debt to Equity ratio	Times	0.28	0.25
Book value per share	THB/share	20.60	19.43
Basic earnings per share	THB/share	0.49	0.92



Detbordin Riensubdee

Mr. Detbordin Riensubdee
Director

Pojanard Prinyapatpakorn

Mrs. Pojanard Prinyapatpakorn
Director