

Management Discussion and Analysis – For Year 2019

Operating Performance

- For the year ended 31 December 2019, the Company's net loss attributable to equity holders of the Company was 34.49 MB., performance decreased from last year 167.10%.
 - Gross Profit decreased by 44.43 MB. or 19.16%
 - Other Income increased by 13.03 MB. or 91.25%
 - Total Expenses decreased by 6.09 MB. or 3.00%
 - Financial Cost increased by 13.58 MB. or 479.86%
 - Portion of non-controlling interests in subsidiaries loss decreased by 0.02 MB. or 4.17%

Details are as followings:

Revenues from sales and services

- For the year ended 31 December 2019, the Company had total revenue from sales and services of 1,181.65 MB., increased by 1.66 MB. or 0.14% compared to last year because
 - Revenue from sales of chemical products was 1,080.75 MB., decreased by 5.17 MB. or 0.48%, due to
 - Sales of Sulfuric acid increased by 146.22 MB. or 29.31%. due to the sulfuric acid price increased because supply in the global market is scarce. Sales volume decreased by 17,053 tons or 5.59%.
 - Sales of Ammonia decreased by 156.98 MB. or 27.76%. from sale volume decreased by 7,178 tons or 26.81%, due to large customers have reduced purchase volumes. Due to the customer changing the production process and the average sale price per ton is slightly decreased as well.
 - Sales of Ammonium Hydroxide increased by 5.59 MB. or 26.04% due to lower average sale price per ton, while the higher sale volume of 1,569 Tons or 44.63%.
 - Total service income was 100.90 MB., increased by 6.83 MB. or 7.26% compared to last year due to
 - Revenue from warehouse service increased by 5.81 MB. or 17.83% due to expansion of service area and number of customers increased.
 - Revenue from Logistic & Liquid warehouse service decreased by 0.08 MB. or 0.15%.
 - Revenue from Port Service increased by 1.10 MB. or 12.13% due to the increase of company's terminal revenue.

Cost of sales and services and gross margin

- For the year ended 31 December 2019, the Company's cost of sales and services was 994.19 MB., increased by 46.09 MB. or 4.86% compared to last year and gross margin was decreased to 15.86% against last year at 19.65% due to
 - Cost of chemical products increased by 44.70 MB. or 4.81% compared to last year due to
 - Cost of sale Sulfuric acid increased by 162.09 MB. or 31.85% due to the increased in the price of imported chemical products in accordance with the market price trend.

- Cost of sale Ammonia decreased by 121.72 MB. or 30.24% from sale volume decreased by 7,140 tons or 26.66%.
- Cost of sale Ammonium Hydroxide increased by 4.33 MB. or 23.24% while the higher sale volume of 1,569 Tons or 44.63%.
- The gross margin of chemical products decreased by 49.87 MB. or 31.98% affecting to gross margin ratio dropped to 9.81% compared to last year at 14.36% due the higher cost of chemical products from sale volume decreased.
- Cost of services increased by 1.39 MB. or 7.68% compared to last year.

Other income

- For the year ended 31 December 2019, the Company had income that not related to the main business of 27.31 MB., increased by 13.03 MB. or 91.25% compared to last year, resulting from
 - Net Gypsum Revenues increased by 11.37 MB.
 - Interest from Saving Accounts increased by 0.03 MB.
 - Insurance claim compensation increased by 0.20 MB.
 - Provision for outdated inventory decreased by 0.67 MB.
 - Gain from sale assets decreased by 0.60 MB.
 - Gain from exchange rate decreased 1.68 MB.
 - Gain from Investment Disposal increased 4.38 MB.

Total expenses

- For the year ended 31 December 2019, the Company had total expenses of 197.18 MB., decreased by 6.09 MB. or 3.00% compared to last year due to
 - Selling expenses decreased by 5.28 MB. or 10.90%, due to lower cost of transportation affected from lower sale ammonia.
 - Administrative expenses decreased by 0.81 MB. or 0.52% resulted from lower employee expenses. (Reversal of accrued bonuses for year 2018).

Financial Costs

- For the year ended 31 December 2019, the Company had Financial Costs of 16.41 MB., increased by 13.58 MB. or 479.86% when compared to last year as the Company increased credit facilities utilization with Financial Institutions in order to manage working capital.

Financial Position

From the Company's financial statement for year ended 31 December 2019, the Company had total assets of 1,202.47 MB., total liabilities of 268.72 MB., Non-controlling interests of subsidiaries (1.68) MB. and shareholders' equity of 935.43 MB. or book value of 0.86 Baht per share, and at the end of 2018, the Company had total assets of 1,426.58 MB., total liabilities of 415.49 MB., Non-controlling interests of subsidiaries loss 1.22 MB. and shareholders' equity of 1,012.31 MB. or book value of 0.93 Baht per share.

As at 31 December 2019, the Company had a working capital in cash of 87.50 MB., with enough for current operation business. The significant changed for financial position of the Company are as follows.

- As of 31 December 2019, the Company's total assets were 1,202.47 MB., decreased by 224.11 MB. or 15.71% compared to the end of year 2018 as per following details
 - Cash and short-term investments of 87.5 MB., decreased by 498.71 MB. or 85.07% from the operating cash flow. Because a temporary investment has been made to invest project in a subsidiary.

- Trade accounts receivable and other current account receivables were 201.44 MB., increased by 50.95 MB. or 33.86% from the increase Other Receivable-Revenue Department, Advance Payment to Suppliers
- Inventories were 78.49 MB., decreased by 39.35 MB. or 33.39% from Ammonia decreased 38.61 MB. and Supplies and others decreased 0.44 MB. due to sold during the year.
- Others current asset of 21.87 MB., decreased by 50.08 MB. or 69.60% from the Deposit as collateral for Trade Credit Facilities with Financial Institutions decreased.
- Property, plant and equipment (PPE) of 385.91 MB., decreased by 17.07 MB. or 4.24% due to the depreciation of building and building improvements, machinery and office supplies Land improvements and vehicles increased by 105.55 MB., and Purchase of PPE during the year of 89.43 MB., which consists of the purchase of assets and equipment of NFC 4.93 MB., and invest project of NFCT about 84.50 MB.
- Other non-current asset of Baht 413.62 MB. Increased 367.23 MB. or 791.61% due to advance payment for construction project of a subsidiary.
- As of 31 December 2019, the Company had total liabilities of 268.72 MB., decreased by 146.77 MB. or 35.32% compared to the end of year 2018.
 - Bank overdraft and short-term loan from financial institution of 83.08 MB., decreased by 133.38 MB. or 61.62% from decremental usage credit facilities (LC/TR) with financial institutions.
 - Trade accounts payable and other current account payable of 152.92 MB., increased by 5.02 MB. or 3.39% this was mainly due to Trade accounts payable increased by 0.97 MB. while other account payable increased by 4.05 MB. from increase from customer's advance payment for goods increased by 4.32 MB., while liability payable to IEAT decreased by 4.05 MB. accrued bonus increased 3.41 MB. and other account payable increased by 0.37 MB.
- As of 31 December 2019, the Company had shareholders' equity of 933.75 MB., decreased by 77.34 MB. or 7.65 % compared to the end of year 2018 due to the Company's comprehensive loss of 30.11 MB. and a portion of non-controlling interests in subsidiaries of loss 0.46 MB. And paid dividend 46.78 MB. in quarter 2/2019 At present, the Company has a paid-up capital 815.88 MB. or ordinary shares 1,087.83 Million shares at par value 0.75 Baht.

Cash flow Statement of the Company

For the year ended 31 December 2019, the Company's net cash flow decreased by 200.58 MB., resulting

- Cash flow from the operating decreased 240.42 MB. resulting from the net loss from operations and requirement of working capital.
- Cash flow provided from investing 220.00 MB., mainly from redemption of temporary investments.
- Cash flow used in financing activities 180.16 MB. resulting from payment trade credit facilities LC/TR to Financial Institutions 133.38 MB. and dividends paid 46.78 MB.