

Overview

Phol Dhanya Public Company Limited (the Company) consolidated financial statement of the year, ending December 31, 2019 reported the revenue from sales and services of 911.85 MB decreasing by 12.60 MB or 1.36%, compared to the revenue from sales and services of 924.45 MB in the previous year. Revenue from sales and services were increasing, while, revenue from construction and service contracts were decrease because there have no new project of the community water supply. However, in 2019, the Company's gross profit was 236 MB, accounted for gross profit margin of 25.88%, gross profit was increase by 8.39 MB or 3.68% compare with gross profit of 227.62 MB, accounted for gross profit margin of 24.62% in the previous year due to cost of sales has dropped following the Baht appreciation and cost overrun for the community water supply construction projects was decrease. In addition, selling and administrative expenses were decreases, as the results for the Company's net profit attributable to equity holders of 41.42 MB, accounted for net profit margin of 4.49% in 2019, increasing by 4.91 MB or 13.44% compare with net profit attributable to equity holders of 36.51 MB, accounted for net profit margin of 3.91% in the previous year.

Operating performance

Unit:MB

	2019	2018	Increased (Decreased)	% Change
Revenue from sales and services	911.74	907.57	4.18	0.46%
Revenue from construction and service contracts	0.11	16.89	(16.78)	-99.38%
Total Revenues	911.85	924.45	(12.60)	-1.36%
Cost of sales and services	674.47	673.42	1.05	0.16%
Cost of construction and service contracts	1.38	23.42	(22.04)	-94.11%
Total Costs	675.85	696.84	(20.99)	-3.01%
Gross Profit	236.00	227.62	8.39	3.68%
Gross Profit Margin (%)	25.88%	24.62%		
Other income	11.35	9.35	2.00	21.39%
Total Selling and Administrative Expenses	188.61	190.06	(1.45)	-0.76%
Profit before finance Costs and income taxes	58.74	46.90	11.84	25.25%
Profit before finance Costs and income taxes (%)	6.36%	5.02%		
Profit attributable to equity holders	41.42	36.51	4.91	13.44%
Net profit margin (%)	4.49%	3.91%		
Basic earnings per share (Baht)	0.20	0.18	0.02	13.44%
Weighted average number of ordinary shares (million shares)	202.50	202.50		

Revenue

Revenue Structure	Unit:MB					
	2019	%	2018	%	Increased (Decreased)	% Change
Occupational Safety, Health and Environment Products (SAFETY)	719.42	78.90%	715.73	77.42%	3.69	0.52%
Control Environment Products (CE)	167.96	18.42%	172.57	18.67%	(4.61)	-2.67%
Water Solution Products (WATER)	24.48	2.68%	36.15	3.91%	(11.67)	-32.28%
Total revenue from sales and services	911.85	100%	924.45	100%	(12.60)	-1.36%

In 2019, the Company's revenue from sales and services were 911.85 MB, comprise 890.79 MB of revenue from sales, 20.95 MB of revenue from services and 0.11 MB of revenue from construction and service contracts. Revenues from sales and services decreases by 12.60 MB or 1.36% compared to the previous year.

Revenue from Occupational Safety, Health and Environment Products or SAFETY was 719.42 MB, increasing by 3.69 MB or 0.52% compared to the previous year. Revenue from sales in government sector and new customers were increase, however, revenue from existing customers in some sectors were decrease such as petrochemical industry and automotive industry, due to competition situation and reduced budget for orders following reduction in production capacity as a result of economic slowdown and revenue from services decreased due to the nature of the project.

The revenue from Control Environment Products or CE was 167.96 MB, decreasing by 4.61 MB or 2.67% compared to the previous year, major customers are in the electronics industry reduce production capacity according to the slowing export market which affected by US-China trade war and global economic slowdown.

Revenue from Water Solution Products or WATER was 24.48 MB, decreasing by 11.67 MB or 32.28% compared to the previous year. Revenue from sales and services of water project in industrial customer sector were increase, however, revenue from construction and service contracts were decrease because there have been no new assignments of community water supply construction projects.

In 2019, the company's other incomes of 11.35 MB, derived from gain on exchange rate of 6.50 MB and other incomes of 4.85 MB.

Cost of Sales and Services

In 2019, The Company's total costs were 675.85 MB, comprising of 657.30 MB costs of sales, 17.17 MB cost of services and 1.38 MB cost of construction. Cost of sales increase proportionally with revenue from sales, however, cost of sales from some products had lower than previous year due to the Baht appreciation and cost of services decreased proportionally with less revenue from services. Cost of construction was repairing expenses for the community water supply construction projects after delivered.

In 2019, costs of sales and services account for 74.12% of revenue from sales and service. The Company's gross profit was 236 MB accounted for gross profit margin 25.88% which increases, compare with 227.62 MB of gross profit, accounted for gross profit margin 24.62% in previous year.

Selling and Administrative Expenses

In 2019, selling and administrative expenses were 188.61 MB comprised 89.90 MB of selling expenses, 102.10 MB of administrative expenses, 0.58 MB of penalties arising from delays projects and 3.28 MB of loss on disposal of fixed assets, with a reversal of loss on impairment of assets of 7.24 MB.

Total selling and administrative expenses were decrease by 1.45 MB or 0.76% compare to the previous year, mainly due to the record of allowance for doubtful debt for receivables for penalties arising from delays of construction in previous year and the legal expenses was decrease because most of expenses occurred in previous year. However, selling and administrative expenses increase mainly due to the record of employee benefit expense of approximately 8 MB resulting from the change in related laws.

Loss on disposal of fixed assets of 3.28 MB from the disposition of water well drilling machines assets, however, the Company reversal of the loss of asset impairment of 7.24 MB due to already recorded loss from disposal of fixed assets.

The company's financial cost was 5.17 MB, decreasing by 3 MB or 36.76% compared to financial cost of 8.17 MB in the previous year due to the Company has more financial liquidity. Therefore, the Company paid up the loan from financial institutions.

Net profit

In 2019, the company's consolidate net profit attributable to equity holders was 41.42 MB, accounted for net profit margin 4.49%, increasing by 4.91 MB or 13.44% compared to net profit of 36.51 MB, accounted for net profit margin 3.91% in the previous year.

Financial Position

Unit : MB

	As of December 31, 2019		As of December 31, 2018		Increased (Decreased)	% Change
	Amount	%	Amount	%		
Current Assets	387.59	68.34%	457.87	70.21%	(70.29)	-15.35%
Non-Current Assets	179.56	31.66%	194.24	29.79%	(14.68)	-7.56%
Total Assets	567.15	100.00%	652.12	100.00%	(84.97)	-13.03%
Current Liabilities	213.39	37.54%	325.30	49.78%	(111.92)	-34.40%
Non-Current Liabilities	52.77	9.28%	53.83	8.24%	(1.06)	-1.97%
Total Liabilities	266.16	46.82%	379.14	58.02%	(112.98)	-29.80%
Shareholder's Equity of the Company	302.29	53.18%	274.28	41.98%	28.01	10.21%

Assets

As of December 31, 2019, the Company's total assets were 567.15 MB, decreasing by 84.97 MB or 13.03% from December 31, 2018. The decreased assets were mainly from current assets, which decreasing from 64.34 MB of net-inventories, 9.71 MB of trade receivables and other receivables decrease 12.42 MB of contract assets of community water supply construction projects. However, cash and cash equivalents increase 28.54 MB. Non-current assets mainly decrease from property, plant and equipment-net of 14.52 MB from 11.80 MB of depreciation and amortization for the period and disposition of water well drilling machines assets 21.40 MB, the Company has already recorded loss from disposal of fixed assets. Therefore there is a reversal transaction of asset impairment.

Liabilities

As of December 31, 2019, the Company's total liabilities were 266.16 MB, decreasing by 112.98 MB or 29.80% from December 31, 2018. The decreased of current liabilities mainly due to the decreased of 72.07 MB in short-term loans from financial institution, 37.02 MB of trade and other payables and 4.75 MB of current portion of long-term liabilities under finance leases while current income tax payable increase by 1.56 MB. Non-current liabilities were decrease from 7.95 MB of liabilities under finance lease agreement and 7.14 MB of long-term loan from financial institution, however, provisions for employee benefits was increase 15.16 MB resulting from the change in related laws.

Shareholder's equity

The company has decreased the registered capital from the original registered capital of 251 MB to the registered capital of 210.50 MB by cutting ordinary shares to support the exercise of warrants PHOL-W1 that has not yet been released and clear the accumulated losses of 89.26 MB by transferring legal reserve amount of 16.20 MB and share premium of 73.06 MB regarding the AGM's resolution on 24 April 2019.

As of December 31, 2019, Shareholders' equity was 302.29 MB, increased by 28.01 MB or 10.21% from the resulting from net profit for the period of 41.42 MB, which decreased from the interim dividend payment of 10.13 MB and legal reserve of 2 MB.

Cash Flows

Unit : MB		
Cash Flows	December 31, 2019	December 31, 2018
Cash flow from (used in) operating activities	128.62	139.15
Cash flow from (used in) investing activities	7.11	(1.28)
Cash flow from (used in) financing activities	(107.22)	(172.97)
Net increase (decrease) in cash and cash equivalents	28.51	(35.10)
Cash and cash equivalents at the end of the period	85.76	57.21

The Company's net cash acquired from the operating activities was 128.62 MB, with operating profits prior to changes in the operating assets and liabilities of 82.60 MB and cash flow received from net-inventories decreased by 60.77 MB, trade and other receivables decreased by 30.62 MB and cash received from income tax refund amounted to 4.29 MB. While, cash flow used for trade and other payables of 36.65 MB and paid for employee benefit of 0.59 MB and income tax of 11.85 MB.

Cash flow acquired from investment activities was 7.11 MB, cash flow received from disposal of fixed assets of 9.26 MB and interest received of 0.57 MB. While, cash flow used to purchase fix assets of 2.57 MB.

Cash flow utilized in financing activities was 107.22 MB mainly used to repayment of loans from financial institutions of 79.21 MB, repayment of liabilities under lease agreement of 13.36 MB, interim dividend payment of 10.13 MB and interest expense of 4.52 MB.