

Overview

Referring to the operating performance in the consolidated financial statement for the third quarter, ending September 30, 2022, Phol Dhanya PCL (the Company)'s total revenue from sales and services were 253.09 MB, decreasing by 76.58 MB or 23.23% YoY at 329.67 MB. The decline in revenue is mainly from the significant drop in market prices and demand for rubber and nitrile gloves, compared with the same period of time in the last year that still in the situation of the epidemic of the COVID virus that has demand for products in both industrial and medical sectors. Furthermore, the sales revenue from COVID related products also decreased in accordance with the intensity of the spread. However, the overall economy and production in the industrial sector are expanding and there is still an increase in orders among those customers. The gross profit decreased in line with lower revenue from sales and services, however, the gross profit margin increased due to effectively cost management and adjustment of selling price increases according to the cost price of certain products and the proportion of sales of products with high gross profit margins increased. In quarter 3/2022, the Company's gross profit was 67.97 MB, representing gross profit margin of 26.86%, compared to gross profit of 75.48 MB, representing gross profit margin of 22.90% in the same quarter of previous year. Distribution costs and administrative expenses increased in line with the operational activities that return to normal after the epidemic situation of the coronavirus and there was loss on the exchange rate.

The Company's net profit for the third quarter of 2022 was 14.51 MB, representing a net profit margin of 5.70%. For the nine months period, ending September 30, 2022, the Company's total revenue from sales and service were 770.38 MB, and net profit attributable to equity holders of 42.18 MB, representing a net profit margin of 5.46%.

Unit:MB

	Q3/2022	Q3/2021	Increased (Decreased)	% YoY	9M/2022	9M/2021	Increased (Decreased)	% YoY
Revenue from sales	249.95	324.09	(74.14)	-22.88%	758.12	937.78	(179.66)	-19.16%
Revenue from services	3.14	5.58	(2.44)	-43.75%	12.26	16.06	(3.79)	-23.63%
Total Revenues	253.09	329.67	(76.58)	-23.23%	770.38	953.84	(183.46)	-19.23%
Cost of sales	(183.43)	(250.15)	(66.72)	-26.67%	(565.50)	(720.05)	(154.55)	-21.46%
Cost of services	(1.69)	(4.03)	(2.35)	-58.14%	(7.96)	(12.22)	(4.26)	-34.89%
Total Costs	(185.12)	(254.19)	(69.07)	-27.17%	(573.45)	(732.27)	(158.81)	-21.69%
Gross Profit	67.97	75.48	(7.51)	-9.95%	196.93	221.57	(24.64)	-11.12%
Gross Profit Margin (%)	26.86%	22.90%			25.56%	23.23%		
Other income	1.41	0.92	0.49	53.60%	2.39	1.58	0.81	51.01%
Total Distribution costs and Administrative expenses	(50.14)	(45.95)	4.18	9.10%	(143.57)	(139.30)	4.28	3.07%
Profit before finance costs and income taxes	19.25	30.45	(11.20)	-36.79%	55.75	83.86	(28.11)	-33.52%
Profit before finance costs and income taxes (%)	7.56%	9.21%			7.21%	8.78%		
Financial Cost	(0.70)	(0.86)	(0.16)	-18.45%	(1.97)	(2.02)	(0.05)	-2.47%
Reversal of allowance for credit loss (credit loss) on trade and other receivables-nets	(0.17)	0.02	0.15	0.00%	(0.14)	5.17	(5.03)	-97.26%
Income tax expenses	(3.87)	(5.90)	(2.04)	-34.50%	(11.46)	(17.42)	(5.96)	-34.24%
Profit attributable to equity holders	14.51	23.70	(9.19)	-38.77%	42.18	68.89	(26.71)	-38.77%
Net profit margin (%)	5.70%	7.17%			5.46%	7.21%		
Basic earnings per share (Baht)	0.07	0.12	(0.05)	-38.77%	0.21	0.34	(0.13)	-38.77%

Revenue from Sales and Services

Revenue Structure	Q3/2022		Q3/2021		Increased (Decreased)	% YoY	9M/2022		9M/2021		Increased (Decreased)	% YoY	Unit : MB	
		%		%				%		%				%
Occupational Safety, Health and Environment Products (SAFETY)	191.86	75.81%	249.64	75.72%	(57.78)	-23.15%	574.38	74.56%	681.12	71.41%	(106.74)	-15.67%		
Control Environment Products (CE)	57.41	22.68%	69.50	21.08%	(12.09)	-17.39%	170.01	22.07%	251.51	26.37%	(81.51)	-32.41%		
Water Solution Products (WATER)	3.82	1.51%	10.53	3.19%	(6.71)	-63.70%	26.00	3.38%	21.21	2.22%	4.79	22.60%		
Total revenue from sales and services	253.09	100%	329.67	100%	(76.57)	-23.23%	770.38	100%	953.84	100%	(183.45)	-19.23%		

The total revenue from sales and services provision in the third quarter of 2022 were 253.09 MB, with 191.86 MB of Occupational Safety, Health and Environment Products or SAFETY accounting for 75.81%, 57.41 MB of Control Environment Products or CE accounting for 22.68% and 3.82 MB of Water Solution Products or WATER accounting for 1.51%.

The revenue from sales and services provision in SAFETY products was 191.86 MB, decreasing by 57.78 MB or 23.15%, mainly due to a decrease in market prices of rubber and nitrile gloves, coupled with lower purchase orders from distributors and medical sectors, compared with the same quarter in the last year. Meanwhile, the revenue from COVID-19 preventive equipment also dropped in relation to the intensity of the situation. However, SAFETY products in other categories are still generating a continuous increase in purchase orders both from existing customer bases and new customers in accordance with the expansion of the industrial sector.

The revenue from sales and services provision in CE products was 57.41 MB, has also dropped by 12.09 MB or 17.39% due to a decrease in market prices of rubber and nitrile gloves, and the quantity of orders decreased both in the key customers in the electronics industry and distributor customers compared with the same period of last year when there was a product shortage caused by COVID-19, the customers have increased purchase orders to accumulate the inventory. However, the CE product has increased sales from new products marketing in the medical device industry.

The revenue from sales and service provision in the WATER products was 3.82 MB, decreasing by 6.71 MB or 63.70% compare to the same quarter in the last year, revenue from sales and construction projects of water treatment systems decreased mainly due to the impact of COVID-19, customers have decided to delay or cancel the water treatment projects. However, in the quarter 3/2022, the company with partners setup 2 joint ventures, namely Loy Phol Joint Venture to carry out projects for construction of a solid waste management centre for a sub district municipality and Phol SK Joint Venture to carry out projects for construction of a solar water distribution system in the Department of Water Resources.

Cost of Sales and Services

The Company's total costs in quarter 3/2022 were 185.12 MB, comprising of 183.43 MB cost of sales and 1.69 MB cost of services. Cost of sales and services decreased proportionally with lower revenue from sales and services, however, the cost of some products has been increased by manufacturers and the effect of depreciation of Baht.

In quarter 3/2022, costs of sales and services accounted for 73.14% of revenue from sales and service. The Company's gross profit was 67.97 MB, decreased by 7.51 MB or 9.95% due to lower revenue from sales and services. However, gross profit margin was 26.86%, increase from the same quarter last year with a gross profit margin of 22.90% due to effectively cost management and adjustment of the selling price increases according to the cost price, moreover the proportion of sales of products with high gross profit margins increased.

Distribution Costs and Administrative Expenses

In Quarter 3/2022, Distribution costs and administrative expenses were 50.14 MB comprised 24.16 MB of distribution costs, 23.19 MB of administrative expenses and 2.79 MB of loss on exchange rate. Distribution costs and administrative expenses were increase, mainly increased transportation and traveling expenses in line with oil prices and sales and marketing activities increased compared to the previous year in the epidemic situation. Meanwhile, the employee welfare and product donations expenses related to situation of the epidemic of COVID-19 decreased compared to the same quarter of the last year.

The company's financial cost was 0.70 MB, increasing by 0.16 MB or 18.45% compared to financial cost of 0.86 MB in the same quarter of previous year.

Net Profit

In Quarter 3/2022, the company's consolidate net profit attributable to equity holders was 14.51 MB, accounted for net profit margin 5.70%, decreasing by 9.19 MB or 38.77% compared to net profit attributable to equity holders of 23.70 MB, accounted for net profit margin 7.17% in the same quarter of previous year.

Financial Position

Unit : MB

	September 30, 2022		December 31, 2021		Increased	%
	Amount	%	Amount	%	(Decreased)	Changed
Current Assets	491.50	72.97%	461.67	72.56%	29.83	6.46%
Non-Current Assets	182.04	27.03%	174.56	27.44%	7.48	4.28%
Total Assets	673.54	100.00%	636.23	100.00%	37.31	5.86%
Current Liabilities	289.27	42.86%	246.31	38.63%	42.96	17.44%
Non-Current Liabilities	42.69	6.33%	41.76	6.55%	0.93	2.24%
Total Liabilities	331.96	49.19%	288.06	45.18%	43.89	15.24%
Shareholder's Equity of the Company	342.88	50.81%	349.47	54.82%	(6.58)	-1.88%

Assets

As of September, 2022, the Company's total assets were 673.54 MB, increasing by 37.31 MB or 5.86% from December 31, 2021. The assets increased mainly from current assets, which increasing from 46.04 MB of net-inventories and 4.49 MB of short-term loans to joint ventures. However, cash and cash equivalents decreasing by 9.16 MB and trade receivables-net decreased 11.29 MB. Non-current assets mainly increased from investments in joint venture of 10 MB.

Liabilities

As of September, 2022, the Company's total liabilities were 331.96 MB, increasing by 43.89 MB or 15.24% from December 31, 2021. The Liabilities increased mainly from current liabilities which increase from 44.72 MB of short-term loans from financial institutions to pay for goods and working capital and trade and other payables increased by 8.60 MB. However, current portion of long-term loan from financial institution-net decreased by 4.74 MB and current income tax payable decreased by 5.34 MB.

Shareholder's equity

As of September 30, 2022, Shareholders' equity of the Company was 342.88 MB, decreasing by 6.58 MB or 1.88% from December 31, 2021. The shareholders' equity increased from the net profit for the period of 42.18 MB, while decreased from dividend payment of 48.60 MB.

Cash flows

Unit : MB		
Cash flows	September 30, 2022	September 30, 2021
Cash flow from (used in) operating activities	19.66	(23.16)
Cash flow from (used in) investing activities	(16.93)	(1.17)
Cash flow from (used in) financing activities	(11.72)	(18.78)
Net increase (decrease) in cash and cash equivalents	(8.99)	(43.11)
Cash and cash equivalents at the end of the period	49.55	49.13

For the nine month period, ending September 30, 2022, the Company's net cash from the operating activities was 19.66 MB, with operating profits prior to changes in the operating assets and liabilities of 65.15 MB. Cash flow increased from trade and other receivables decreased 11.65 MB and net- trade and other payables increased 6.14 MB. However, cash flow decreased from inventories increased 45.80 MB and paid for corporate income tax of 17.57 MB.

Cash flow used in investment activities was 16.93 MB to investment in joint ventures of 10 MB and payment for short-term loans to joint ventures of 4.49 MB, purchase fix assets and intangible assets of 3.16 MB, while cash flow acquired 0.14 MB from sales fix assets and interest received of 0.69 MB.

Cash flow used in financing activities was 11.72 MB to repayment of long-term loans from financial institutions 5.36 MB, repayment of liabilities under lease agreement 0.60 MB, interest expense 1.90 MB and dividend payment 48.58 MB. While, cash flow acquired from short-term loan from financial institutions amount of 44.72 MB.