

-TRANSLATION-

11 November 2016

Subject : Management Discussion and Analysis for Q3/2016

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing

The performance in the Q3/2016, the company and its subsidiaries have the total revenue from sales in amount of Baht 2,828.9 million which is decreasing from the 2015 at equivalence of Baht 17.7 million or approximately by 0.6%. These caused, revenue from sales of domestic increased by about 5%, revenue from sales of export decreased by about 4%.

Analysis of Profit of company and subsidiaries

In Q3/2016, the company and its subsidiaries have net profit of Baht 406.5 million as compared to the 2015, the company and its subsidiaries have net profit Baht 465.5 million, the net profit has decreased Baht 59.0 million or 13% for the following main reasons;

1. The total sales has decreased Baht 17.7 million, due to sales volume of MDF Board and Particleboard have increased by 8% and 19% respectively. The average price of MDF Board and Particleboard have decreased by 13% and 5% respectively.
2. Cost of sales Baht 1,982.7 million, increased Baht 45.0 million, due to higher sales volumes.
3. Financial cost Baht 32.0 million, decreased Baht 8.4 million, due to a decreased in the principal amount of the loan repayment schedule.

Financial status

Total assets

As of 30 September 2016, the company and its subsidiaries have the total assets valued Baht 13,710.5 million, as compared to 2015, Baht 13,269.2 million, increased Baht 441.3 million as below detailed.

1. Cash and cash equivalent items increased Baht 4.3 million.
2. Trade and other receivable decreased Baht 14.2 million.
3. Revenue Department receivable increased Baht 55.6 million.

4. Net inventory decreased Baht 442.2 million, mainly caused by decreased of finished goods Baht 291.0 million, work in process Baht 79.0 million, raw material Baht 54.7 million, goods in transit Baht 32.9 million and increased supplies Baht 15.4 million.
5. Maintenance supplies increased Baht 54.8 million.
6. Property, Plant and equipment increased Baht 812.7 million.
7. Deferred tax assets decreased Baht 35.3 million.

Total Liabilities

As of 30 September 2016, the company and its subsidiaries have the total liabilities valued Baht 5,786.2 million, compared to the 2015, Baht 6,054.4 million, decreased Baht 268.2 million as below detailed.

1. Short-term loans from financial institutions increased Baht 86.9 million.
2. Trade and other payable decreased Baht 152.1 million.
3. Advance receivable for customers increased Baht 67.0 million.
4. Long-term loans from financial institutions decreased Baht 308.8 million.
5. Employee benefit obligations increased Baht 18.9 million.

Total shareholder's equity

As of 30 September 2016, the company and its subsidiaries have the total shareholder's equity valued Baht 7,924.3 million, as compared to the 2015, Baht 7,214.8 million, increased Baht 709.4 million, due to net profit from operating.

As of 30 September 2016, the company and its subsidiaries have debt to equity ratio is 0.73:1, compared to the 2015 is 0.84:1, decreased by 0.11 times, due to decreased of long-term loans from financial institutions and increased of shareholders' equity, due to increased of retained earnings.

Liquidity

Cash flow

The period ended 30 September 2016, the company and its subsidiaries have net cash received from operating activities Baht 2,179.0 million, net cash used investing activities Baht 876.0 million and net cash used financing activities Baht 1,211.9 million, cash and cash equivalent items as of the ended 30 September 2016 is Baht 614.7 million, increased Baht 4.3 million from the 2015 as summarized;

1. Net cash received operating activities is Baht 2,179.0 million, increased Baht 393.7 million, because of decreased of profit from operation before change in operating assets and liabilities Baht 84.2 million, decreased of trade and other receivable Baht 12.8 million and inventories Baht 708.5 million, increased of revenue department receivable Baht 32.1 million and maintenance supplies Baht 19.9 million, decreased of trade and other payable Baht 214.4 million and increase of received from customers Baht 69.7 million.
2. Net cash used in investing activities is Baht 876.0 million, increased Baht 419.4 million. In 2016, the have invested change to production line of Particleboard – Line 1 as MDF Board at Surat Thani Plant and invested in expansion projects of Laminated Flooring at Saraburi Plant.
3. Net cash used in financing activities is Baht 1,211.9 million, decreased Baht 198.7 million, because of increased of short-term loans from financial institutions Baht 76.9 million, long-term loans from financial institutions Baht 228.5 million, interest expenses Baht 34.7 million and dividend paid Baht 62.7 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr. Wanthana Jaroennawarat)

Director