

-TRANSLATION-

14 November 2017

Subject : Management Discussion and Analysis for Q3/2017

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing

The performance in the Q3/2017, the company and its subsidiaries have the total revenue from sales in amount of Baht 3,282.3 million which is increasing from the 2016 at equivalence of Baht 453.3 million, about 16%. These caused, revenue from sales of export increased about 26% and revenue from sales of domestic decreased about 11%.

Analysis of Profit of company and its subsidiaries

The Q3/2017, the company and its subsidiaries have profit for the period of Baht 307.4 million as compared to the 2016 , the company and its subsidiaries have profit for the period of Baht 406.5 million, decreased Baht 99.1 million or 24% for the following main reasons;

1. The total sales has increased Baht 453.3 million, due to sales volume of MDF Board has increased by 35%, Particleboard has decreased by 17%. The average price of MDF Board and Particleboard have increased by 2% and 12% respectively.
2. Cost of sales Baht 2,463.3 million, increased of Baht 480.6 million. Because the increasing cost of raw material in manufacturing.

Financial status

Total assets

As of 30 September 2017, the company and its subsidiaries have the total assets valued Baht 15,034.1 million, as compared to the 2016, Baht 13,710.5 million, increased Baht 1,323.6 million as below detailed;

1. Cash and cash equivalent items increased Baht 26.5 million.
2. Trade and other receivable decreased Baht 7.5 million.
3. Revenue Department receivable decreased Baht 31.0 million.
4. Inventories increased Baht 428.6 million, mainly caused by increased of finished goods Baht 362.9 million, raw materials Baht 63.3 million, supplies Baht 1.9 million, goods in transit Baht 6.8 million and decreased of work in process Baht 6.3 million.

5. Maintenance supplies increased Baht 25.5 million.
6. Property, Plant and equipment increased Baht 885.6 million.
7. Deferred tax assets decreased Baht 1.9 million.

Total Liabilities

As of 30 September 2017, the company and its subsidiaries have the total liabilities valued Baht 6,531.4 million, compared to the 2016, Baht 5,786.2 million, increased Baht 745.2 million as below detailed;

1. Short-term loans from financial institutions increased Baht 396.7 million.
2. Trade and other payable increased Baht 308.1 million.
3. Advances received from customers decreased Baht 96.5 million.
4. Accrued income tax payable increased Baht 6.9 million.
5. Long-term loans from financial institutions increased Baht 67.2 million.
6. Employee benefit obligations increased Baht 52.3 million.
7. Deferred tax liabilities increased Baht 10.5 million.

Total shareholder's equity

As of 30 September 2017, the company and its subsidiaries have the total shareholder's equity valued Baht 8,502.7 million, as compared to the 2016, Baht 7,924.3 million, increased Baht 578.4 million, due to net profit from operating.

As of 30 September 2017, the company and its subsidiaries have debt to equity ratio is 0.77:1, compared to the 2016 is 0.73:1, increased by 0.04 times, due to increased of loans from financial institutions and increased of shareholders' equity, due to increased of retained earnings.

Liquidity

Cash flow

The period ended 30 September 2017, the company and its subsidiaries have cash flow received from operating activities Baht 1,637.7 million, cash flow used in investing activities Baht 1,276.4 million and cash flow used in financing activities Baht 177.3 million, cash and cash equivalent items as of the ended 30 September 2017 is Baht 641.1 million, increased from the 2016 by Baht 26.5 million as summarized;

1. Net cash received from operating activities is Baht 1,637.7 million, decreased by Baht 541.3 million, because of decreased of profit from operation before changes in operating assets and liabilities by Baht 157.3 million, increased of operating assets Baht 557.9 million and increased of operating liabilities Baht 205.0 million.
2. Net cash used in investing activities is Baht 1,276.4 million, increased by Baht 400.4 million, because has invested in expansion project of MDF Board at Surat Thani Plant.
3. Net cash used in financing activities is Baht 177.3 million, decreased by Baht 1,034.6 million, because of increased of short-term loans from financial institutions by Baht 212.6 million, increased of long-term loans from financial institutions by Baht 777.3 million, increased of dividend payment by Baht 31.3 million and increased of interest payment by Baht 4.6 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr.Wanthana Jaroennawarat)

Director