

-TRANSLATION-

28 February 2018

Subject : Management Discussion and Analysis for 2017

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing

The performance in the 2017, the company and its subsidiaries have the total revenue from sales in amount of Baht 12,300.9 million which is increasing from the 2016 at equivalence of Baht 1,200.2 million, about 11%. These caused, revenue from sales of export increased about 21% and revenue from sales of domestic decreased about 12%.

Analysis of Profit of company and its subsidiaries

In 2017, the company and its subsidiaries have profit for the year of Baht 1,015 million as compared to the 2016 , the company and its subsidiaries have profit for the year of Baht 1,597.4 million, decreased Baht 582.4 million or 36% for the following main reasons;

1. The total sales has increased Baht 1,200.2 million, due to sales volume of MDF Board has increased by 25%, Particleboard has decreased by 10%. The average price of MDF Board has decreased by 1% and Particleboard has increased by 11%.
2. Cost of sales Baht 9,343.7 million, increased of Baht 1,470.4 million. Because the increasing cost of raw material in manufacturing.

Financial status

Total assets

As of 31 December 2017, the company and its subsidiaries have the total assets valued Baht 15,339.8 million, as compared to the 2016, Baht 14,106.8 million, increased Baht 1,233.0 million as below detailed;

1. Cash and cash equivalent items decreased Baht 124.9 million.
2. Trade and other receivable increased Baht 314.3 million.
3. Revenue Department receivable increased Baht 44.7 million.
4. Inventories increased Baht 127.1 million, mainly caused by increased of finished goods Baht 120.8 million, raw materials Baht 27.3 million, supplies Baht 2.8 million, goods in transit Baht 19.5 million and decreased of work in process Baht 43.3 million.

5. Maintenance supplies increased Baht 10.1 million.
6. Property, Plant and equipment increased Baht 889.7 million.
7. Deferred tax assets decreased Baht 26.6 million.

Total Liabilities

As of 31 December 2017, the company and its subsidiaries have the total liabilities valued Baht 6,697.4 million, compared to the 2016, Baht 5,783.1 million, increased Baht 914.3 million as below detailed;

1. Short-term loans from financial institutions increased Baht 323.2 million.
2. Trade and other payable increased Baht 70.7 million.
3. Advances received from customers decreased Baht 5.3 million.
4. Long-term loans from financial institutions increased Baht 509.2 million.
5. Employee benefit obligations increased Baht 17.7 million.

Total shareholder's equity

As of 31 December 2017, the company and its subsidiaries have the total shareholder's equity valued Baht 8,642.3 million, as compared to the 2016, Baht 8,323.7 million, increased Baht 318.7 million, due to net profit from operating.

As of 31 December 2017, the company and its subsidiaries have debt to equity ratio is 0.77:1, compared to the 2016 is 0.69:1, increased by 0.08 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 31 December 2017, the company and its subsidiaries have cash flow received from operating activities Baht 1,635.2 million, cash flow used in investing activities Baht 1,777.3 million and cash flow received from financing activities Baht 17.3 million, cash and cash equivalent items as of the ended 31 December 2017 is Baht 332.2 million, decreased from the 2016 by Baht 124.9 million as summarized;

1. Net cash received from operating activities is Baht 1,635.2 million, decreased by Baht 1,042.7 million, because of decreased of profit from operation before changes in operating assets and liabilities by Baht 402.5 million, increased of operating assets Baht 652.1 million, increased of operating liabilities Baht 31.8 million and increased of cash paid for income tax Baht 19.5 million.
2. Net cash used in investing activities is Baht 1,777.3 million, increased by Baht 401.5 million, because has invested in expansion project of MDF Board at Surat Thani Plant.
3. Net cash received from financing activities is Baht 17.3 million, increased by Baht 1,385.5 million, because of increased of short-term loans from financial institutions by Baht 145.0 million, increased of long-term loans from financial institutions by Baht 1,219.3 million, decreased of dividend payment by Baht 31.3 million and increased of interest payment by Baht 18.6 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr.Wanthana Jaroennawarat)

Director