

-TRANSLATION-

13 November 2018

Subject : Management Discussion and Analysis for Q3/2018

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing

The performance in the Q3/2018, the company and its subsidiaries have the total revenue from sales in amount of Baht 2,880.2 million which is decreasing from the 2017 at equivalence of Baht 402.8 million, about 12%. These caused, revenue from sales of domestic and export decreased about 5% and 14% respectively.

Analysis of Profit of company and its subsidiaries

The Q3/2018, the company and its subsidiaries have loss for the period of Baht 47.8 million as compared to the 2017 , the company and its subsidiaries have profit for the period of Baht 307.4 million, decreased Baht 355.2 million or 116% for the following main reasons;

1. The total sales has decreased Baht 402.8 million, due to sales volume of MDF Board and Particleboard have decreased by 13% and 4% respectively. The average price of MDF Board and Particleboard have decreased by 6% and 17% respectively.
2. Cost of sales Baht 2,453.3 million, decreased of Baht 17.3 million, due to decreased sales volume.

Financial status

Total assets

As of 30 September 2018, the company and its subsidiaries have the total assets valued Baht 16,503.0 million, as compared to the 2017, Baht 15,034.1 million, increased Baht 1,468.9 million as below detailed;

1. Cash and cash equivalent items decreased Baht 236.2 million.
2. Trade and other receivable increased Baht 89.6 million.
3. Revenue Department receivable increased Baht 23.3 million.
4. Inventories increased Baht 542.9 million, mainly caused by increased of finished goods Baht 389.1 million, work in process Baht 72.1 million, raw materials Baht 68.4 million, supplies Baht 22.5 million, and decreased of goods in transit Baht 9.2 million.

5. Maintenance supplies increased Baht 89.0 million.
6. Property, Plant and equipment increased Baht 943.7 million.
7. Deferred tax assets increased Baht 2.0 million.

Total Liabilities

As of 30 September 2018, the company and its subsidiaries have the total liabilities valued Baht 8,694.6 million, compared to the 2017, Baht 6,531.4 million, increased Baht 2,163.2 million as below detailed;

1. Short-term loans from financial institutions increased Baht 1,270.2 million.
2. Trade and other payable increased Baht 57.5 million.
3. Advances received from customers increased Baht 37.7 million.
4. Accrued income tax payable decreased Baht 21.7 million.
5. Long-term loans from financial institutions increased Baht 801.8 million.
6. Employee benefit obligations increased Baht 16.9 million.
7. Deferred tax liabilities increased Baht 1.9 million.

Total shareholder's equity

As of 30 September 2018, the company and its subsidiaries have the total shareholder's equity valued Baht 7,808.4 million, as compared to the 2017, Baht 8,502.7 million, decreased Baht 694.3 million, because the results of operations have retained earnings decreased.

As of 30 September 2018, the company and its subsidiaries have debt to equity ratio is 1.11:1, compared to the 2017 is 0.77:1, increased by 0.35 times, due to increased of loans from financial institutions and decreased of shareholders' equity, because the results of operations have retained earnings decreased.

Liquidity

Cash flow

The period ended 30 September 2018, the company and its subsidiaries have cash flow received from operating activities Baht 209.7 million, cash flow used in investing activities Baht 1,275.6 million and cash flow received from financing activities Baht 1,138.7 million, cash and cash equivalent items as of the ended 30 September 2018 is Baht 404.9 million, decreased from the 2017 by Baht 236.2 million as summarized;

1. Net cash received from operating activities is Baht 209.7 million, decreased by Baht 1,428.0 million, because of decreased of profit from operation before changes in operating assets and liabilities by Baht 1,134.0 million, increased of operating assets Baht 362.3 million and increased of operating liabilities Baht 27.1 million and decreased of cash paid for income tax Baht 41.6 million.
2. Net cash used in investing activities is Baht 1,275.6 million, decreased by Baht 0.7 million, because has invested in expansion project of MDF Board at Surat Thani Plant decreased.
3. Net cash received from financing activities is Baht 1,138.7 million, increased by Baht 1,316.0 million, because of increased of short-term loans from financial institutions by Baht 944.5 million, increased of cash received from long-term loans from financial institutions by Baht 7.0 million, decreased of cash paid for long-term loans from financial institutions by Baht 285.6 million, decreased of interest payment by Baht 9.4 million and decreased of dividend payment by Baht 78.4 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr.Wanthana Jaroennawarat)

Director