

-Translation-

November 22, 2018

Subject: Management Discussion and Analysis for FY2018

To: Managing Director
The Stock Exchange of Thailand

Inoue Rubber (Thailand) Public Company Limited (the “Company”) would like to clarify its operation results for FY2018 (ended 30 September, 2018) of the Company and its subsidiaries, as follows;

(unit: million baht)	Q1/2018	Q2/2018	Q3/2018	Q4/2018	FY2017	FY2018	%YoY
Total Revenues	1,366.11	1,437.30	1,402.09	1,408.63	5,331.47	5,614.13	5.30%
Cost of Sales and Services	1,139.66	1,210.20	1,211.44	1,227.38	4,465.93	4,788.68	7.23%
Selling and Administrative Expenses	100.96	97.22	97.36	97.44	355.03	392.98	10.69%
EBIT	125.50	129.88	93.29	83.80	510.52	432.47	-15.29%
Net Profit	104.37	105.55	77.02	71.68	423.79	358.62	-15.38%
Basic Earnings per Share (Baht)	0.52	0.53	0.39	0.35	2.12	1.79	-15.38%

Performance Report

Better performance of Thai Economy in FY2018 pushed forward the market’s growth in every aspect, as well as growth of Thai economy that led to;

1. Increase in Company’s revenue around 282.66 million baht or 5.30% comparing to last year due to the growth of automobile’s and motorcycle’s production.
2. Increase in raw material costs around 236.62 million baht or 8.19% comparing to last year. Most raw material prices increased following the rising of crude oil price that increased around 29.77% comparing to last year as well as the production slowdown of several steel mills and smelting works in China regarding to pollution’s problem solving.
3. Decrease in conversion cost rate around 0.68 comparing to last year.
4. Increase in selling and administrative expenses around 37.95 million baht or 10.69% comparing to last year due to the increase in sales volume.
5. The Company didn’t receive dividend from related company.

Overall, in FY2018, the Company had net profit around 358.62 million baht, increased from last year around 65.17 million baht or 15.38% comparing to last year, and recorded earning per share at 1.79 baht.

Financial Status

As at September 30, 2018, the Company had total assets at 5,058.06 million baht, rose by 426.30 million baht comparing to September 30, 2017 mainly due to the increase in cash and cash equivalent, inventories as well as investment in property, plant and equipment.

The Company's total liabilities amounted to 1,461.76 million baht, rose by 246.87 million baht comparing to September 30, 2017 due to the increase in trade payables and other payables following the sales' increase and increase in raw material costs. Therefore, the Company's status remained clear of long-term liabilities.

Accordingly, the total shareholders' equity amounted to 3,596.30 million baht, increased by 179.43 million baht comparing to September 30, 2017. These represented the Company's book value per share at 17.98 and debt to equity ratio (D/E ratio) at 0.41 times.

Cash Flow

As at September 30, 2018, the Company had cash received from the operating activities around 748.17 million baht, rose by 111.56 million baht comparing to September 30, 2017. On the other hand, the cash paid for investing activities amounted to 161.91 million baht, due to the Investment in property, plant and equipment. As a result, as at September 30, 2018, the Company had cash and cash equivalents around 822.97 million baht, increased by 416.74 million baht compared to September 30, 2017.

Please be informed accordingly and further disseminate to investors.

Faithfully yours,

(Mrs. Pimjai Leeissanukul)

Chairman

(Mr. Hiroshi Harada)

President