

NO. ZIGA 002/2019

15 February 2019

Subject: Management explanation and analysis for the yearly ending 31 December 2018

Attention: The President of, The Stock Exchange of Thailand

ZIGA Innovation Public Company Limited ("the Company") would like to clarify operating performance of the Company for the yearly ending 31 December 2018 are as follows:

Statement of Income :	Million Baht		change increase (decrease)
	2018	2017	
Sales	841.1	882.2	-4.7%
Other income	29.9	27.7	7.9%
Cost of sales	- 747.8	- 679.6	10.0%
Selling expenses	- 20.1	- 15.9	26.3%
Administrative expenses	- 44.0	- 45.0	-2.2%
Finance costs	- 7.9	- 11.4	-30.3%
Profit for the period	42.6	131.7	-67.7%
Net Profit	4.9%	14.5%	
EBITDA (MB)	83.9	209.3	-59.9%
EBITDA (%)	9.6%	23.0%	
Earnings per share (Baht)	0.08	0.28	

Remark : EBITDA = Profit before finance costs, income tax, Depreciation and Amortization

The Company earned THB 871.0 MB and THB 910.0 MB in year 2018 and 2017 respectively, A decrease in total revenue amount THB 38.9 MB, equivalent to 4.3% of total revenue and can be summarized as following:

The Company's revenue from sales amounted to THB 841.1 MB and THB 882.2 MB in year 2018 and 2017 respectively. A decrease in revenue from sales amount THB 41.1 MB, equivalent to 4.7% of total revenue from sales because the sales volume decreases as steel domestic 's consumption was discouraged by economics and loss of sales opportunities related to a low level of stocks due to a limited warehouse space. However, the company's gain in exchange rate compare to the same period of last year due to efficient exchange rate fluctuations management. The company's efficient exchange rate fluctuations management in which to increase gain on exchange rate amount THB 2.2 MB comparing to the same period of last year total in other income amounted THB 29.9 MB and THB 27.7 MB in year 2018 and 2017 respectively, equivalent to 7.9% of other income.

The Company earned net profit in year 2018 and 2017 amounting THB 42.6 MB and THB 131.7 MB respectively. Net profit of the company equal to 4.9% and 14.5% of total revenue respectively, decreasing for compare to the same period amount THB 89.1 MB, equivalent to 67.7% of net profit. The reason for this decrease in net profit is due to the lower gross profit as the cost of raw material increases. EBITDA in year 2018 and 2017 amounted THB 83.9 MB and THB 209.3 MB respectively.

Statement of Financial Position**Assets**

The Company's total assets as of 31 December 2018 and 2017 totaled THB 1,195.3 MB and THB 1,282.0 MB respectively. As at 31 December 2018 the Company is current asset in which accounted for 55.7% of the total assets and non-current asset accounted for 44.3% of the total assets.

	31 December 2018		31 December 2017	
	THB MB	%	THB MB	%
Current assets	665.3	55.7	1,026.5	80.1
Non-current assets	530.0	44.3	255.5	19.9
Total assets	1,195.3	100.0	1,282.0	100.0

1. Current assets

The Company's current assets as of year-end of 2018 and 2017 was THB 665.3 MB and THB 1026.5 MB respectively, equivalent to 55.7% and 80.1% of total assets respectively. The Company's the finish goods inventory as of year-end of 2018 and 2017 amounted THB 428.3 MB and THB 501.8 MB respectively, equivalent to 35.8% and 39.1% of total assets. Secondary, cash and cash equivalents in which accounted to THB 117.7 MB and THB 393.9 MB respectively, equivalent to 9.8% and 30.7% of the total assets. The main current assets decrease in cash and cash equivalents of THB 276.3 MB from new land and factory construction paid.

2. Non-current assets

As of year-end 2018 and 2017 the Company's non-current assets totaled THB 530.1 MB and THB 255.5 MB respectively, equivalent to 44.3% and 19.9% respectively. The main non-current assets are land and equipment which were 43.2% and 15.7% of the total assets in which the increase by land and equipment net THB 315.5 MB is from buying and transferring assets THB 338.8 MB and depreciation on useful life of asset in which increase for THB 23.3 MB.

Liabilities

The Company's total liabilities as of 31 December 2018 and 2017 totaled THB 438.1 MB and THB 499.7 MB respectively. The Company's current liabilities in which accounted for 95.3% of the total liabilities and non-current liabilities accounted for 4.7% of the total liabilities.

	31 December 2018		31 December 2017	
	THB MB	%	THB MB	%
Current liabilities	417.7	95.3	460.9	92.2
Non-current liabilities	20.4	4.7	38.8	7.8
Total liabilities	438.1	100.0	499.7	100.0

1. Current liabilities

As of the year end 2018 and 2017, the Company's current liabilities totaled THB 417.7 MB and THB 460.9 MB respectively, equivalent to 95.3% and 92.2% respectively of the total Liabilities. Current Liabilities as of year 2018 decrease by decreasing in trade and other payable.

2. Non-current Liabilities

As of the year end 2018 and 2017, the Company's non-current liabilities THB 20.4 MB and THB 38.8 MB respectively, equivalent to 4.7% and 7.8% respective of the total liabilities. The main non-current liabilities in long-term debt. The long-term debt due date within one year is THB 10.5 MB and THB 24.3 MB respectively, equivalent to 2.4% and 4.9% respective of the total liabilities. The decrease for long term loan in year 2018 due to gradually paying off some balance of debt from the finance institution.

Shareholder's equity

The Company's shareholder's equity as of the year end 2018 and 2017 amounted to THB 757.2 MB and THB 782.2 MB respectively. A decrease in shareholder's equity amount to THB 25.0 MB by the resolution passed at the board meeting for dividend payment's approval in which amount to THB 67.6 MB and increase in net profit on year 2018 earned of THB 42.6 MB.

The Company has a road map for sustainable growth. The Company has planned for sufficient in inventory space for efficiency stock management and future expansion in the new site. In the first phase, the Company has space of usage approximately 9,800 sq.m2. for increased stock and new product in the retail group that responds to customers e.g. galvanized paints and etc. including I-RETAIL business.

The Company also extends the distribution channel in retail business. The business alliance is Dynasty ceramic public company limited who has widely 200 branches over the country.

Please be informed accordingly,

Yours Sincerely,

(Miss Valarlak Ngamchitcharoen)
Managing Director