

-TRANSLATION-

25 February 2019

Subject : Management Discussion and Analysis for 2018

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing

The performance in the 2018, the company and its subsidiaries have the total revenue from sales in amount of Baht 10,249.4 million which is decreasing from the 2017 at equivalence of Baht 2,060.1 million, about 17%. These caused, revenue from sales of domestic and export decreased about 12% and 18% respectively.

Analysis of Profit (Loss) of company and its subsidiaries

In 2018, the company and its subsidiaries have loss for the year of Baht 358.1 million as compared to the 2017, the company and its subsidiaries have profit for the year of Baht 1,015.0 million, decreased Baht 1,373.1 million or 135% for the following main reasons;

1. The total sales has decreased Baht 2,060.1 million, due to sales volume of MDF Board and Particleboard have decreased by 15% and 12% respectively. The average price of MDF Board and Particleboard have decreased by 5% and 17% respectively.
2. Cost of sales Baht 8,691.0 million, decreased of Baht 652.7 million, due to decreased sales volume.

Financial status

Total assets

As of 31 December 2018, the company and its subsidiaries have the total assets valued Baht 17,074.6 million, as compared to the 2017, Baht 15,359.2 million, increased Baht 1,715.4 million as below detailed;

1. Cash and cash equivalent items increased Baht 113.1 million.
2. Trade and other receivable decreased Baht 484.9 million.
3. Revenue Department receivable increased Baht 40.4 million.
4. Inventories increased Baht 428.4 million, mainly caused by increased of finished goods Baht 330.4 million, work in process Baht 14.7 million, raw materials Baht 53.7 million, supplies Baht 38.7 million, and decreased of goods in transit Baht 9.1 million.

5. Maintenance supplies increased Baht 81.3 million.
6. Property, Plant and equipment increased Baht 1,524.8 million.
7. Deferred tax assets increased Baht 1.0 million.

Total Liabilities

As of 31 December 2018, the company and its subsidiaries have the total liabilities valued Baht 9,417.2 million, compared to the 2017, Baht 6,716.9 million, increased Baht 2,700.3 million as below detailed;

1. Overdrafts and Short-term loans from financial institutions increased Baht 815.4 million.
2. Trade and other payable decreased Baht 209.2 million.
3. Advances received from customers increased Baht 111.4 million.
4. Accrued income tax payable decreased Baht 21.7 million.
5. Long-term loans from financial institutions increased Baht 1,989.0 million.
6. Employee benefit obligations increased Baht 18.9 million.
7. Deferred tax liabilities decreased Baht 8.2 million.

Total shareholder's equity

As of 31 December 2018, the company and its subsidiaries have the total shareholder's equity valued Baht 7,657.4 million, as compared to the 2017, Baht 8,642.3 million, decreased Baht 984.9 million, because the results of operations have retained earnings decreased.

As of 31 December 2018, the company and its subsidiaries have debt to equity ratio is 1.23:1, compared to the 2017 is 0.78:1, increased by 0.45 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 31 December 2018, the company and its subsidiaries have cash flow received from operating activities Baht 426.6 million, cash flow used in investing activities Baht 2,374.2 million and cash flow received from financing activities Baht 2,060.6 million, cash and cash equivalent items as of the ended 31 December 2018 is Baht 445.2 million, increased from the 2017 by Baht 113.1 million as summarized;

1. Net cash received from operating activities is Baht 426.6 million, decreased by Baht 1,208.4 million, because of decreased of profit from operation before changes in operating assets and liabilities by Baht 1,426.6 million, decreased of operating assets Baht 400.2 million and decreased of operating liabilities Baht 210.0 million and decreased paid for income tax Baht 28.6 million.
2. Net cash used in investing activities is Baht 2,374.2 million, increased by Baht 596.9 million, because has invested in project of OSB (Oriented Strand Board) at Surat Thani Plant.
3. Net cash received from financing activities is Baht 2,060.6 million, increased by Baht 2,043.3 million, because of increased of overdrafts and short-term loans from financial institutions by Baht 490.6 million, increased of cash received from long-term loans from financial institutions by Baht 1,046.0 million, decreased of cash paid for long-term loans from financial institutions by Baht 433.8 million, decreased of interest payment by Baht 3.4 million and decreased of dividend payment by Baht 78.4 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr.Wanthana Jaroennawarat)

Director