

Subject : Management Discussion and Analysis for year and 4th quarter ended December 31, 2018

Attention : President

The Stock Exchange of Thailand

1. Operating Performance

1.1 Revenues

Consolidated		(Thousands Baht)						
	Year		Change		4 th Quarter		Change	
	2018	2017	Amount	%	2018	2017	Amount	%
Revenue from sales	1,540,078	1,566,147	-26,069	-1.66%	371,532	437,506	-65,974	-15.08%
Other income	31,132	19,457	11,675	60.00%	11,365	6,968	4,397	63.10%
Total Revenue	1,571,210	1,585,604	-14,394	-0.91%	382,897	444,474	-61,577	-13.85%

Company total revenue on year 2018 slightly decreased 0.91 percent from last year. Revenue from sales decreased 1.66 percent due to the effect of Thai Baht appreciation and sale price declining, even though sale volume and proportion of sale in CNF incoterm increased. Other income increased 60.00 percent from year 2017 due to higher gain from foreign exchange.

Company total revenue of 4rd quarter decreased 13.85 percent from the same period of last year. Revenue from sales of 4rd quarter on 2018 decreased 15.08 percent due to decreasing in sale volume and decreasing in sale price, result in dropping in revenue from sales, while other income of 4rd quarter on 2018 increased 63.10 percent due to higher gain from exchange rate.

1.2 Cost of goods sold and expenses

Consolidated		(Thousands Baht)						
	Year		Change		4 th Quarter		Change	
	2018	2017	Amount	%	2018	2017	Amount	%
Cost of goods sold	-1,116,184	-1,060,184	-56,000	5.28%	-313,065	-307,387	-5,678	1.85%
Selling expenses	-212,080	-193,123	-18,957	9.82%	-50,950	-50,734	-216	0.43%
Administrative expenses	-74,579	-66,085	-8,494	12.85%	-11,984	-12,859	875	-6.80%
Finance Costs	-5,247	-24,036	18,789	-78.17%	-4,739	-1,579	-3,160	200.13%
Total	-1,408,090	-1,343,428	-64,662	4.81%	-380,738	-372,560	-8,178	2.20%

Cost of goods sold on year 2018 increased 5.28 percent from year 2017, due to higher sale volume and higher electricity & fuel cost. Comparing to 4th quarter, cost of goods sold slightly increased 1.85 percent, due to higher raw material cost and fixed cost from new production line which haven't operated at optimized capacity.

Selling expenses on year 2018 increased 9.82 percent from year 2017, due to higher transportation cost from higher sale volume and higher sales volume in CNF incoterm. For 4th quarter, despite decreasing in sale volume, selling expenses increased 0.43 percent, due to higher transportation cost from higher sales volume in CNF incoterm.

Administrative expenses on year 2018 increased 12.85 percent from last year, due to additional administrative expenses from expanding in MDF second production line that was done in the end of 3th quarter, lead to decreasing in administrative expenses of 4th quarter at 6.80 percent.

Financial cost on year 2018 decreased 78.17 percent from year 2017, due to the repayment of previous long-term loan. Comparing to 4th quarter, financial cost increased significantly by 200.13 percent, caused by loan drawdown which was invested in new production line.

As a result, cost of goods sold and expenses on year 2018 and 4th quarter increased 4.81 and 2.20 percent respectively from the same period of last year.

1.3 Profit

Consolidated		(Thousands Baht)						
	Year		Change		4 th Quarter		Change	
	2018	2017	Amount	%	2018	2017	Amount	%
Gross profit	423,894	505,963	-82,069	-16.22%	58,468	130,119	-71,651	-55.07%
Profit before income tax	163,119	242,176	-79,057	-32.64%	2,159	71,914	-69,755	-97.00%
Net profit for period	206,786	225,962	-19,176	-8.49%	60,678	68,435	-7,757	-11.33%

From revenues, cost of goods sold and expenses factors, company profit before income tax on year 2018 ended December 31, 2018 was 163.12 million baht decreased 32.64 percent from the same period of last year. And profit before income tax on 4th quarter was 2.16 million baht decreased 97.00 percent from the same period of last year.

However, 4th quarter company recognized tax income from BOI incentives that permit to carry forward losses (as in the early stage of first production line operation, company has annual losses) and deduct them as expenses for up to five years after BOI expiration.

Sincerely Yours,

(Ms.Orawan Sangwongkit)

Chief Financial Officer