

No. NDR006/2019

8 August 2019

**Subject:** Management Discussion and Analysis (MD&A) Report for the Six-Month Period (Q2/2019)

**Attention:** Directors and Manager, The Stock Exchange of Thailand

N.D. Rubber Public Company Limited (“the Company”) would like to present the MD&A for the Six-Month period ended 30 June 2019 (2<sup>nd</sup> quarter of 2019) as follows:

	Q2/2018	Q1/2019	Q2/2019	Unit : million baht			
				Change +/-			
				QoQ	%	YoY	%
Net Revenue	251.20	194.28	221.13	26.85	13.82	-30.07	-11.97
Cost of Goods Sold	204.16	163.05	187.08	24.03	14.74	-17.08	-8.37
Gross profit	47.04	31.23	34.05	2.82	9.03	-12.99	-27.62
Profit (Loss) from exchange rate	-0.21	0.54	3.24	2.70	500.00	3.45	-1,614.02
Other Income	1.46	2.1	2.02	-0.08	-3.81	0.56	38.36
Gain from bargain purchase	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit before Selling and Administration expenses	48.29	33.87	39.31	5.44	16.06	-8.98	-18.59
Selling expense	11.70	11.26	11.33	0.07	0.62	-0.37	-3.13
Administration expense	27.77	25.73	25.52	-0.21	-0.82	-2.25	-8.09
<b>Net Profit</b>	<b>2.07</b>	<b>-5.02</b>	<b>-0.16</b>	<b>5.18</b>	<b>507.18</b>	<b>-2.23</b>	<b>-107.73</b>
Gross Profit Margin (%)	18.73	16.07	15.40	-0.68	-4.21	-3.33	-17.77
Net Profit Margin (%)	0.82	-2.58	-0.07	2.51	0.97	-0.90	-108.78

- The revenue of Q2/2019 is increased by 26.85 million baht comparing with Q1/2019 because higher revenue from both domestic market and export market to Cambodia and Laos including revenue in Malaysia. But it is decreased by 30.07 million baht comparing with Q2/2018 because of the recession of the economic and higher competition in the market which results to low selling price. Another factor is the appreciation of baht which reduces our export revenue when changing to Thai baht. And the effect of employee benefit, according to the new regulation, cause an extra expense in this quarter for 1.4 million baht.

- The company operation in Q2/2019 is loss about 160,000 Baht comparing with loss of 5.02 million baht in Q1/2019. This is because of higher revenue.
- There is no substantial change in the raw material cost.

Six-Month Period Performance

	2018	2019		
			YoY	%
Net Revenue	457.32	415.41	-41.91	-9.94
Cost of Goods Sold	384.93	350.13	-34.80	-9.94
Gross profit	72.389	65.28	-7.11	-10.89
Profit (Loss) from exchange rate	-0.95	3.783	4.73	125.11
Other Income	2.71	4.126	-2.71	-65.68
Gain from bargain purchase	33.64	-	33.64	100.00
Profit before Selling and Administration expenses	107.79	73.19	-34.60	-47.27
Selling expense	20.88	22.59	1.71	7.57
Administration expense	62.55	51.26	-11.29	-22.02
<b>Net Profit</b>	<b>15.91</b>	<b>-5.18</b>	<b>-21.09</b>	<b>407.14</b>
Gross Profit Margin (%)	15.83	15.71	-0.11	-0.73
Net Profit Margin (%)	3.48	-1.25	-4.73	379.00

- The revenue of first 6 month in 2019 is down by 41.91 million baht (9.94%) comparing with first 6 months in 2018 due to higher competition in the market which results to low selling price and the appreciation of baht which reduces our export revenue when changing to Thai baht.
- The company operation of first 6 month in 2018 has a profit at 16.09 million baht which is result from the gain from a bargain purchase. If we ignore that extra gain, the result will be loss at 17.55 million baht. However, we also have extra expense for acquire FKR at 11.9 million baht. After remove extra profit and extra expense, the result of actual operation of first 6 month in 2018 shall be loss at 6.36 million baht. Comparing with the result in 2019, the loss is less.

	Q4/61	Q1/62	Q2/62	Unit : million baht			
				Change +/-			
				QoQ	%	YoY	%
<b>CURRENT ASSETS</b>	420.68	351.93	369.17	17.24	4.90	-51.51	-12.24
<b>NON-CURRENT ASSETS</b>	804.30	796.11	780.29	-15.83	-1.99	-24.02	-2.99
<b>TOTAL ASSETS</b>	<b>1,224.98</b>	<b>1,148.04</b>	<b>1,149.45</b>	<b>1.41</b>	<b>0.12</b>	<b>-75.53</b>	<b>-6.17</b>
<b>CURRENT LIABILITIES</b>	370.58	316.66	341.13	24.47	7.73	-29.45	-7.95
<b>NON-CURRENT LIABILITIES</b>	90.08	83.49	76.92	-6.57	-7.87	-13.16	-14.61
<b>SHAREHOLDERS' EQUITY</b>	764.33	747.90	731.40	-16.50	-2.21	-32.93	-4.31
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,224.98</b>	<b>1,148.04</b>	<b>1,149.45</b>	<b>1.41</b>	<b>0.12</b>	<b>-75.53</b>	<b>-6.17</b>

- There is no substantial change in both liabilities and assets.

Please be informed accordingly,

Yours faithfully,



(Mr. Chaiyasit Samrittivanicha)

Managing Director