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November 22, 2019

Subject: Management Discussion and Analysis Fiscal Year 2019

To: Managing Director

The Stock Exchange of Thailand

Inoue Rubber (Thailand) Public Company Limited (the “Company”) would like to clarify its operation results for the Fiscal Year 2019 (ended September 30th, 2019) of the Company and its subsidiaries, as follows:

(Unit: million Baht)	Q1/2019	Q2/2019	Q3/2019	Q4/2019	FY2018	FY 2019	%YoY
Total Revenues	1,439.49	1,390.26	1,317.88	1,333.65	5,614.13	5,481.27	-2.39%
Cost of Sales and Services	1,251.00	1,224.50	1,206.22	1,183.94	4,788.68	4,865.66	1.61%
Selling and Administration	103.61	104.66	114.92	95.48	392.98	418.67	+6.54%
EBIT	84.88	61.10	(3.27)	54.22	432.47	196.93	-54.46%
Net Profit	70.56	50.78	(0.34)	45.53	358.62	166.54	-53.56%
Basic Earnings per Share	0.35	0.25	(0.002)	0.23	1.79	0.83	-53.56%

Performance Report

Issue of trade war between the United States and China affected the overall global economy as well as the slowdown of Thailand economy. This affected the production of Thai automotive, as well as the sales and production costs of the Company during the fiscal year 2019 (1 October 2018 to 30 September 2019) as follows;

1. The total revenue of the company decreased by 132.77 million baht or 2.39% YoY due to the decrease in motorcycle production which was lower than the expectation and lower than the production amount in FY2018.
2. The cost of sales and services decreased by 76.98 million baht or 1.61% YoY, mainly due to the decrease of raw material costs around 67.88 million baht, which was in line with the sales. However, the conversion cost increased by 69.16 million baht, mainly due to the new Labor



Protection Act; the compensation rate for employees who have more than 20 years of work from the original 300 days has been adjusted to 400 days; approximately 57.53 million baht, and the Company's Voluntary Retirement project approximately 12.57 million baht.

3. The selling and administrative expenses increased by 76.98 million baht or 1.61% YoY, which was the impact from the new Labor Protection Act and the Company's Voluntary Retirement project as well.
4. This year, the company did not receive dividend from the affiliates.

Overall, in FY2019, the Company had net profit around 166.54 million baht, decreased around 192.07 million baht or 53.56% when compared to last year, and recorded earning per share at 0.83 baht.

Financial Status

As at September 30, 2019, the Company had total assets at 4,848.78 million baht, fell by 209.27 million baht comparing to September 30, 2018, mainly due to the decrease in cash and cash equivalents.

The Company's total liabilities amounted to 1,267.70 million baht, decreased by 194.06 million baht comparing to September 30, 2018 due to the decrease in trade and other payables following the reduction of sales. However, the Company remained the position without long-term debts.

Accordingly, the total shareholders' equity amounted to 3,581.08 million baht, decreased by 15.22 million baht comparing to September 30, 2018. These represented the Company's book value per share at 17.91 and debt to equity ratio (D/E ratio) at 0.35 times.

Cash Flow

As at September 30, 2019, the Company had cash received from the operating activities around 377.68 million baht, decreased by 370.49 million baht compared to September 30, 2019 which was consistent with the reduction of sales. However, the cash paid for investing activities amounted to 422.14 million baht, increased 260.24 million baht mainly from the purchase of property, plant and equipment, including computer programs. The net cash used in the financial activities amounted to 179.30 million baht from the dividend payment to shareholders on February 28, 2019

From the statement above, as at September 30, 2019, the Company had cash and cash equivalents around 599.21 million baht, decreased by 223.76 million baht compared to September 30, 2018.

Please be informed accordingly and further disseminate to investors.

Faithfully yours,

(Mrs. Pimjai Leeissaranukul)

(Mr. Katsunori Ito)

Executive Chairman

President