

No. NDR015/2020

12 November 2020

Subject: Management Discussion and Analysis (MD&A) Report for Q3/2020

Attention: Directors and Manager, The Stock Exchange of Thailand

N.D. Rubber Public Company Limited (“the Company” or “NDR”) would like to present the MD&A for the Three-Month period ended 30 September 2020. The details are as follows:

Revenue

Unit: Million Baht

		Q3/19	Q2/20	Q3/20
Consolidated Statement	Net Sales	212.60	157.53	225.68
	Profit / Loss from Exchange rate	0.48	-0.23	1.57
	Other revenue	1.18	0.75	0.49
		214.26	158.05	227.74
NDR Statement	Net Sales	156.15	115.43	167.55
	Profit /Loss from Exchange rate	0.48	-0.23	1.57
	Other revenue	1.45	1.05	1.11
		158.08	116.25	170.23

- After the situation of COVID-19 virus outbreak since the beginning of 2020, in Q3/2020 many countries announced lockdown cancellation and allowing the normal business operation can be resumed, the demand has been recovered back to normal which makes increasing of our sales revenue comparing with Q2/2020.
- There still has been a conditional movement control in Malaysia for Q3/2020 but the business has been allowed to run as usual, so the sales revenue in Malaysia has also been resume to normal level except shoe business which has been continuing slow down due to delay of opening school.
- Revenue of Q3/2020 is increased by 69.69 Million Baht (44.09%) comparing with Q2/2020 and is increased by 13.48 Million Baht (6.29%) comparing with Q3/2019.

Cost and Expenses

Unit: Million Baht

		Q3/19	Q2/20	Q3/20
Consolidated Statement	Net Sales	212.60	157.53	225.68
	Cost of Sales	174.14	119.85	167.47
		81.91%	76.08%	74.21%
	Selling Expenses	14.40	7.35	10.95
		6.77%	4.67%	4.85%
	Administration Expenses	23.52	19.62	24.80
11.06%		12.45%	10.99%	
NDR Statement	Net Sales	156.15	115.43	167.55
	Cost of Sales	145.07	102.48	138.73
		92.90%	88.78%	82.80%
	Selling Expenses	2.35	1.41	2.19
		1.50%	1.22%	1.31%
	Administration Expenses	10.41	9.20	13.03
6.67%		7.97%	7.78%	

- Cost of sales of Q3/2020 has been maintained in low level due to the management of purchasing low-cost raw materials in advance during the country lockdown in Q2/2020.
- Selling and Administration expenses have been back to normal level.

Company Performance

Unit: Million Baht

		Q3/19	Q2/20	Q3/20
Consolidated Statement	Net Sales	212.60	157.53	225.68
	Gross Profit	38.46	37.68	58.21
		18.09%	23.92%	25.79%
	Net profit (-Loss)	-2.63	8.85	17.97
-1.24%		5.62%	7.96%	
NDR Statement	Net Sales	156.15	115.43	167.55
	Gross Profit	11.08	12.94	28.82
		7.10%	11.21%	17.20%
	Net profit (-Loss)	-1.92	1.28	13.64
-1.23%		1.11%	8.14%	

- Due to the revenue is resumed back to normal level and we can maintain the cost advantage, our gross profit is still in high zone at 25.79% comparing with 23.92% in Q2/2020 and only 18.09% in Q3/2019. With the same reason, we can generate net profit of Q3/2020 at 17.97 Million Baht which is increased by 9.12 Million Baht (103%) comparing with Q2/2020 and increased by 20.6 Million Baht comparing with loss at 2.63 Million Baht in Q3/2019.
- This situation tells us that the cost of raw material is a crucial factor of the company operation.

Assets and Liabilities

Unit: Million Baht

		Q3/19	Q2/20	Q3/20	YoY		QoQ	
Consolidated Statement	Current Assets	329.50	301.41	364.09	34.59	10.50%	62.68	20.80%
	Fixed Assets	766.97	715.53	713.59	(53.38)	-6.96%	(1.94)	-0.27%
	Total Assets	1,096.47	1,016.94	1,077.68	(18.79)	-1.71%	60.74	5.97%
	Current Liabilities	302.47	243.08	277.48	(24.99)	-8.26%	34.40	14.15%
	Long-term Liabilities	71.51	60.66	51.98	(19.53)	-27.31%	(8.68)	-14.31%
	Retained Earnings	722.49	713.20	748.22	25.73	3.56%	35.02	4.91%
NDR Statement	Current Assets	160.72	137.41	174.73	14.01	8.72%	37.32	27.16%
	Fixed Assets	873.35	850.24	844.46	-28.89	-3.31%	(5.78)	-0.68%
	Total Assets	1,034.07	987.65	1,019.19	-14.88	-1.44%	31.54	3.19%
	Current Liabilities	270.75	217.76	240.13	-30.62	-11.31%	22.37	10.27%
	Long-term Liabilities	27.98	22.81	18.33	-9.65	-34.49%	(4.48)	-19.64%
	Retained Earnings	735.34	747.08	760.72	25.38	3.45%	13.64	1.83%

- Because of better profit comparing with both last year and first half of this year, we have more cash in hand, so we pay back the long-term loan and some short-term loan to the bank.

However, the situation of the COVID-19 virus outbreak remains at risk, the Company continues to seek cooperation from employees to comply with the announced anti-epidemic measures as follows:

- All employees and visitors must enter into the screening point for fever screening before entering the Company;
- All employees are required to wear a surgical mask at all times when in public areas; and
- Encourage employees to regularly wash their hands with water or alcohol and keep social distance.

Please be informed accordingly,

Yours faithfully,



(Mr. Chaiyasit Samrittivanicha)

Managing Director