

-TRANSLATION-

15 May 2019

Subject : Management Discussion and Analysis for Q1/2019

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing

The performance in the Q1/2019, the company and its subsidiaries have the total revenue from sales in amount of Baht 2,365.6 million which is increasing from the 2018 at equivalence of Baht 64.4 million, about 3%. These caused, revenue from sales of export increased about 6%, revenue from sales of domestic decreased about 5%.

Analysis of Profit of company and its subsidiaries

The Q1/2019, the company and its subsidiaries have loss for the period of Baht 230.0 million as compared to the 2018 , the company and its subsidiaries have loss for the period of Baht 174.4 million, increased Baht 55.6 million or 32% for the following main reasons;

1. The total sales has increased of Baht 64.4 million, due to sales volume of MDF Board has increased by 34%, Particleboard has decreased by 17%. The average price of MDF Board and Particleboard have decreased by 9% and 5% respectively.
2. Cost of sales of Baht 2,161.8 million, increased of Baht 244.5 million, due to increased sales volume of MDF Board and increased cost of raw material in manufacturing.

Financial status

Total assets

As of 31 March 2019, the company and its subsidiaries have the total assets valued Baht 17,454.9 million, as compared to the 2018, Baht 15,669.6 million, increased Baht 1,785.3 million as below detailed;

1. Cash and cash equivalent items decreased Baht 144.9 million.
2. Trade and other receivable increased Baht 108.0 million.
3. Revenue Department receivable increased Baht 148.4 million.
4. Inventories increased Baht 69.8 million, mainly caused by increased of work in process Baht 45.2 million, raw materials Baht 21.7 million, supplies Baht 28.6 million, decreased of finished goods Baht 3.5 million and goods in transit Baht 22.2 million.

5. Maintenance supplies increased Baht 15.2 million.
6. Property, Plant and equipment increased Baht 1,592.3 million.
7. Deferred tax assets increased Baht 1.0 million.

Total Liabilities

As of 31 March 2019, the company and its subsidiaries have the total liabilities valued Baht 10,027.5 million, compared to the 2018, Baht 7,201.6 million, increased Baht 2,825.9 million as below detailed;

1. Overdrafts and Short-term loans from financial institutions increased Baht 1,171.4 million.
2. Trade and other payable increased Baht 137.9 million.
3. Advances received from customers increased Baht 15.8 million.
4. Accrued income tax payable decreased Baht 22.8 million.
5. Long-term loans from financial institutions increased Baht 1,512.0 million.
6. Employee benefit obligations increased Baht 18.7 million.
7. Deferred tax liabilities decreased Baht 6.2 million.

Total shareholder's equity

As of 31 March 2019, the company and its subsidiaries have the total shareholder's equity valued Baht 7,427.4 million, as compared to the 2018, Baht 8,468.0 million, decreased Baht 1,040.6 million, due to net loss from operating and dividend payment during the year 2018.

As of 31 March 2019, the company and its subsidiaries have debt to equity ratio is 1.35:1, compared to the 2018 is 0.85:1, increased by 0.50 times, due to increased of long-term loans from financial institutions and decreased of shareholders' equity, due to net loss from operating.

Liquidity

Cash flow

The Q1/2019, the company and its subsidiaries have cash flow received from operating activities Baht 35.2 million, cash flow used in investing activities Baht 535.2 million and cash flow received from financing activities Baht 398.1 million, cash and cash equivalent items as of the ended 31 March 2019 is Baht 343.3 million, decreased from the Q1/2018 by Baht 144.9 million as summarized;

1. Net cash received from operating activities is Baht 35.2 million, increased by Baht 18.1 million, because of increased of profit from operation before change in operating assets and liabilities by Baht 7.0 million, increased operating assets Baht 231.5 million and increased operating liabilities Baht 242.4 million.
2. Net cash used in investing activities is Baht 535.2 million, increased by Baht 113.3 million, because has invested in project of OSB (Oriented Strand Board) at Surat Thani Plant.
3. Net cash received from financing activities is Baht 398.1 million, decreased by Baht 162.8 million, because of increased of short-term loans from financial institutions by Baht 347.0 million, decreased of long-term loans from financial institutions by Baht 477.0 million and increased of interest payment by Baht 32.7 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr.Wanthana Jaroennawarat)

Director