

-TRANSLATION-

14 August 2019

Subject : Management Discussion and Analysis for Q2/2019

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing

The performance in the Q2/2019, the company and its subsidiaries have the total revenue from sales in amount of Baht 2,406.0 million which is decreasing from the 2018 at equivalence of Baht 384.4 million, about 14%. These caused, revenue from sales of domestic and export decreased about 5% and 16% respectively.

Analysis of Profit of company and its subsidiaries

The Q2/2019, the company and its subsidiaries have loss for the period of Baht 339.9 million as compared to the 2018 , the company and its subsidiaries have profit for the period of Baht 15.0 million, increased loss of Baht 354.9 million or 2373% for the following main reasons;

1. The total sales has decreased of Baht 384.4 million, due to sales volume of Particleboard has decreased 22%. The average price of MDF Board and Particleboard have decreased 13% and 5% respectively.
2. Cost of sales of Baht 2,215.5 million, decreased of Baht 73.3 million, due to decreased sales volume of Particleboard.

Financial status

Total assets

As of 30 June 2019, the company and its subsidiaries have the total assets valued Baht 17,627.7 million, as compared to the 2018, Baht 16,172.1 million, increased Baht 1,455.6 million as below detailed;

1. Cash and cash equivalent items decreased Baht 39.1 million.
2. Trade and other receivable decreased Baht 209.9 million.
3. Revenue Department receivable increased Baht 26.8 million.
4. Inventories increased Baht 18.7 million, mainly caused by increased of finished goods Baht 85.0 million, work in process Baht 0.2 million, supplies Baht 6.0 million, decreased of raw materials Baht 54.4 million and goods in transit Baht 18.0 million.

5. Maintenance supplies increased Baht 29.2 million.
6. Property, Plant and equipment increased Baht 1,605.5 million.
7. Intangible assets increased Baht 4.4 million.
8. Deferred tax assets increased Baht 17.6 million.

Total Liabilities

As of 30 June 2019, the company and its subsidiaries have the total liabilities valued Baht 10,696.9 million, compared to the 2018, Baht 8,159.3 million, increased Baht 2,537.6 million as below detailed;

1. Short-term loans from financial institutions increased Baht 718.8 million.
2. Trade and other payable decreased Baht 64.9 million.
3. Advances received from customers decreased Baht 37.3 million.
4. Accrued income tax payable decreased Baht 1.7 million.
5. Long-term loans from financial institutions increased Baht 1,797.0 million.
6. Employee benefit obligations increased Baht 122.7 million.
7. Deferred tax liabilities increased Baht 4.6 million.

Total shareholder's equity

As of 30 June 2019, the company and its subsidiaries have the total shareholder's equity valued Baht 6,930.8 million, as compared to the 2018, Baht 8,012.8 million, decreased Baht 1,082.0 million, due to net loss from operating and dividend payments during the Q3/2018 to the Q2/2019.

As of 30 June 2019, the company and its subsidiaries have debt to equity ratio is 1.54:1, compared to the 2018 is 1.02:1, increased by 0.52 times, due to increased of long-term loans from financial institutions and decreased of shareholders' equity, due to loss from operating.

Liquidity

Cash flow

The Q2/2019, the company and its subsidiaries have cash flow received from operating activities Baht 213.9 million, cash flow used in investing activities Baht 970.6 million and cash flow received from financing activities Baht 739.7 million, cash and cash equivalent items as of the ended 30 June 2019 is Baht 428.2 million, decreased from the Q2/2018 Baht 39.1 million as summarized;

1. Net cash received from operating activities is Baht 213.9 million, increased Baht 101.7 million, because of decreased of profit from operation before change in operating assets and liabilities Baht 199.0 million, decreased of operating assets Baht 272.0 million and increased of operating liabilities Baht 5.8 million.
2. Net cash used in investing activities is Baht 970.6 million, increased Baht 235.9 million, because has invested in project of OSB (Oriented Strand Board) at Surat Thani Plant.
3. Net cash received from financing activities is Baht 739.7 million, decreased Baht 17.9 million, because of decreased of short-term loans from financial institutions Baht 76.4 million, decreased of long-term loans from financial institutions Baht 192.0 million, increased of cash paid for interest expenses Baht 63.0 million and decreased of dividend paid Baht 313.4 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr.Wanthana Jaroennawarat)

Director