

-TRANSLATION-

14 November 2019

Subject : Management Discussion and Analysis for Q3/2019

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing

The performance in the Q3/2019, the company and its subsidiaries have the total revenue from sales in amount of Baht 2,496.3 million which is decreasing from the 2018 at equivalence of Baht 383.9 million or 13%.

Analysis of Profit (Loss) of company and its subsidiaries

The Q3/2019, the company and its subsidiaries have loss for the period of Baht 297.0 million as compared to the 2018, the company and its subsidiaries have loss for the period of Baht 47.8 million, increased loss of Baht 249.2 million or 522% for the following main reasons;

1. The total sales has decreased of Baht 383.9 million, due to the export sales volume of Particleboard has decreased 35%. The average price of MDF Board and Particleboard have decreased 13% and 8% respectively.
2. Cost of sales of Baht 2,314.2 million, decreased of Baht 139.1 million, due to decreased sales volume of Particleboard.

Financial status

Total assets

As of 30 September 2019, the company and its subsidiaries have the total assets valued Baht 17,806.8 million, as compared to the 2018, Baht 16,503.0 million, increased Baht 1,303.8 million as below detailed;

1. Cash and cash equivalent items increased Baht 127.3 million.
2. Trade and other receivable increased Baht 16.4 million.
3. Revenue Department receivable increased Baht 18.0 million.
4. Inventories decreased Baht 308.2 million, mainly caused by decreased of finished goods Baht 100.7 million, work in process Baht 81.2 million, raw materials Baht 176.7 million, increased of supplies Baht 6.7 million and goods in transit Baht 43.9 million.

5. Maintenance supplies decreased Baht 10.7 million.
6. Property, Plant and equipment increased Baht 1,439.4 million.
7. Intangible assets increased Baht 2.8 million.
8. Deferred tax assets increased Baht 17.2 million.

#### Total Liabilities

As of 30 September 2019, the company and its subsidiaries have the total liabilities valued Baht 11,176.0 million, compared to the 2018, Baht 8,694.6 million, increased Baht 2,481.4 million as below detailed;

1. Short-term loans from financial institutions decreased Baht 800.1 million.
2. Trade and other payable increased Baht 21.9 million.
3. Advances received from customers decreased Baht 54.5 million.
4. Accrued income tax payable decreased Baht 5.9 million.
5. Long-term loans from financial institutions increased Baht 3,191.5 million.
6. Employee benefit obligations increased Baht 123.9 million.
7. Deferred tax liabilities increased Baht 6.4 million.

#### Total shareholder's equity

As of 30 September 2019, the company and its subsidiaries have the total shareholder's equity valued Baht 6,630.8 million, as compared to the 2018, Baht 7,808.4 million, decreased Baht 1,177.6 million, due to net loss from operating and dividend payments during the Q3/2018 to the Q2/2019.

As of 30 September 2019, the company and its subsidiaries have debt to equity ratio is 1.69:1, compared to the 2018 is 1.11:1, increased by 0.58 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 period ended 30 September 2019, the company and its subsidiaries have cash flow received from operating activities Baht 343.7 million, cash flow used in investing activities Baht 1,353.0 million and cash flow received from financing activities Baht 1,096.3 million, cash and cash equivalent items as of the ended 30 September 2019 is Baht 532.2 million, increased from the 2018 by Baht 127.3 million as summarized;

1. Net cash received from operating activities is Baht 343.7 million, increased Baht 134.0 million, because of decreased of profit from operation before change in operating assets and liabilities Baht 410.0 million, decreased of operating assets Baht 483.5 million, increased of operating liabilities Baht 39.2 million and decreased of cash paid for income tax Baht 20.9 million.
2. Net cash used in investing activities is Baht 1,353.0 million, increased Baht 77.4 million, because has invested in project of OSB (Oriented Strand Board) at Surat Thani Plant.
3. Net cash received from financing activities is Baht 1,096.3 million, decreased Baht 42.4 million, because of decreased of short-term loans from financial institutions Baht 1,613.9 million, increased of long-term loans from financial institutions Baht 1,202.5 million, increased of cash paid for interest expenses Baht 101.2 million and decreased of dividend paid Baht 470.1 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr.Wanthana Jaroennawarat)

Director