

-TRANSLATION-

25 February 2020

Subject : Management Discussion and Analysis for 2019

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing

The performance in the 2019, the company and its subsidiaries have the total revenue from sales in amount of Baht 9,440.3 million which is decreasing from the 2018 at equivalence of Baht 809.1 million or 8%. These caused, revenue from sales of domestic and export decreased about 3% and 9% respectively.

Analysis of Loss of company and its subsidiaries

In 2019, the company and its subsidiaries have loss for the year of Baht 1,238.5 million as compared to the 2018, the company and its subsidiaries have loss for the year of Baht 358.1 million, increased of Baht 880.5 million or 246% for the following main reasons;

1. The total sales has decreased of Baht 809.1 million, due to sales volume of Particleboard has decreased 21%. The average price of MDF Board and Particleboard have decreased 11% and 8% respectively.
2. Cost of sales of Baht 8,792.0 million, increased of Baht 101.1 million. Because the increasing cost of raw material in manufacturing.

Financial status

Total assets

As of 31 December 2019, the company and its subsidiaries have the total assets valued Baht 17,066.0 million, as compared to the 2018, Baht 17,068.9 million, decreased Baht 2.9 million as below detailed;

1. Cash and cash equivalent decreased Baht 74.6 million.
2. Trade and other receivable decreased Baht 55.5 million.
3. Revenue Department receivable decreased Baht 83.3 million.
4. Inventories decreased Baht 370.9 million, mainly caused by decreased of finished goods Baht 318.0 million, raw materials Baht 66.2 million, supplies Baht 0.3 million, goods in transit Baht 33.8 million and increased of work in process 47.4 million.

5. Maintenance supplies decreased Baht 20.3 million.
6. Property, Plant and equipment increased Baht 584.1 million.
7. Intangible assets increased Baht 1.0 million.
8. Deferred tax assets increased Baht 16.7 million.

#### Total Liabilities

As of 31 December 2019, the company and its subsidiaries have the total liabilities valued Baht 10,823.8 million, compared to the 2018, Baht 9,431.4 million, increased Baht 1,392.4 million as below detailed;

1. Overdrafts and short-term loans from financial institutions decreased Baht 335.4 million.
2. Trade and other payable increased Baht 9.9 million.
3. Advances received from customers decreased Baht 113.5 million.
4. Accrued income tax payable decreased Baht 25.1 million.
5. Long-term loans from financial institutions increased Baht 1,740.5 million.
6. Employee benefit obligations increased Baht 115.3 million.
7. Deferred tax liabilities increased Baht 8.4 million.

#### Total shareholder's equity

As of 31 December 2019, the company and its subsidiaries have the total shareholder's equity valued Baht 6,242.3 million, as compared to the 2018, Baht 7,637.5 million, decreased Baht 1,395.2 million, due to net loss from operating and dividend payments during the Q3/2018 to the Q2/2019.

As of 31 December 2019, the company and its subsidiaries have debt to equity ratio is 1.73:1, compared to the 2018 is 1.23:1, increased by 0.50 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 31 December 2019, the company and its subsidiaries have cash flow received from operating activities Baht 603.0 million, cash flow used in investing activities Baht 1,671.4 million and cash flow received from financing activities Baht 993.8 million, cash and cash equivalent as of the ended 31 December 2019 is Baht 370.6 million, decreased from the 2018 by Baht 74.6 million as summarized;

1. Net cash received from operating activities is Baht 603.0 million, increased Baht 176.4 million, because of decreased of profit from operation before change in operating assets and liabilities Baht 555.8 million, increased of operating assets Baht 696.2 million, increased of operating liabilities Baht 24.3 million, increased of cash received from interest income Baht 2.4 million and decreased of cash paid for income tax Baht 9.3 million.
2. Net cash used in investing activities is Baht 1,671.4 million, decreased Baht 702.8 million. Because has invested in project at Surat Thani Plant decreased.
3. Net cash received from financing activities is Baht 993.8 million, decreased Baht 1,066.8 million, because of decreased of Overdrafts and short-term loans from financial institutions Baht 1,152.2 million, decreased of long-term loans from financial institutions Baht 248.5 million, increased of cash paid for interest expenses Baht 136.2 million and decreased of dividend paid Baht 470.1 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr.Wanthana Jaroennawarat)

Director