

No. NDR003/2020

27 February 2020

Subject: Management Discussion and Analysis (MD&A) Report for Business Operation of the Year 2019

Attention: Directors and Manager, The Stock Exchange of Thailand

N.D. Rubber Public Company Limited (“the Company”) would like to present the MD&A for the Three-Month and Twelve-Month period ended 31 December 2019. Overall performance of 2019 is lower than our expectation due to:

Revenue

Unit : Million Baht

		2018	2019	Change (+/-)		Q4/18	Q3/19	Q4/19	Change (+/-)			
				YoY	%				QoQ	%	YoY	%
Consolidated Statement	Revenue	973.29	850.53	-122.76	-12.61	244.40	212.60	222.62	10.015	4.71	-21.785	-8.91
	Profit (Loss) from Exchange Rate	4.09	4.61	0.52	12.71	1.19	0.48	0.35	-0.13	-27.08	-0.84	-70.59
	Other Revenue	5.51	6.63	1.12	20.33	2.13	1.18	1.32	0.14	11.86	-0.81	-38.03
	Gain from buying at a price lower than par value	33.64	0	-33.64	-100.00	33.64	-	-	-	-	-	-
	Total	1,016.53	861.77	-154.76	-15.22	281.36	214.26	226.18	11.92	5.56	-55.18	-19.61
NDR Statement	Revenue	715.65	604.99	-110.66	-15.46	177.22	156.15	148.07	-8.08	-5.17	-29.15	-16.45
	Profit (Loss) from Exchange Rate	4.09	4.61	0.52	12.71	1.19	0.48	0.33	-0.15	-31.25	-0.86	-72.27
	Other Revenue	6.30	22.30	16.00	253.97	1.55	1.45	1.89	0.44	30.34	0.34	21.94
	Total	726.04	631.90	-94.14	-12.97	179.96	158.08	150.29	-7.79	-4.93	-29.67	-19.74

- The 2019 revenue is lower than 2018 because the price per unit is lower than last year and the effect from the exchange rate that lower our revenue in term of Baht.
- If comparing between Q3/2019 and Q4/2019, the revenue is increased because dealers must buy to achieve their annual target.
- The other revenue of NDR is increased in 2019 because of receiving dividend from FKRMM at 15,150,000.00 Baht and from NDI at 1,376,508.20 Baht.

Cost and Expenses

Unit : Million Baht

	2018	2019	Change (+/-)		Q4/18	Q3/19	Q4/19	Change (+/-)				
			YoY	%				QoQ	%	YoY	%	
Consolidated Statement	Revenue	973.29	850.53	-122.76	-12.61	244.40	212.60	222.62	10.015	4.71	-21.785	-8.91
	Cost of Goods Sold	802.29	699.195	-103.095	-12.85	200.32	174.14	174.925	0.785	0.45	-25.395	-12.68
	Cost of Sales to Revenue Ratio (%)	82.43	82.21	-0.22	-0.27	81.96	81.91	77.91	-4.00	-4.88	-4.05	-4.94
	Selling Expenses	41.39	50.56	9.17	22.16	8.54	14.40	13.57	-0.83	-5.76	5.03	58.90
	Selling Expenses to Revenue Ratio (%)	4.25	5.94	1.69	39.76	3.49	6.77	6.04	-0.73	-10.78	2.55	73.07
	Administrative Expenses	118.30	103.58	-14.72	-12.44	30.99	23.52	28.8	5.28	22.45	-2.19	-7.07
	Administrative Expenses to Revenue Ratio (%)	12.15	12.33	0.18	1.48	12.68	11.06	13.41	2.35	21.25	0.73	5.76
	Loss on Impairment of Intangible Asset	0	19.68	19.68	0.00	0	0	19.68	19.68	0.00	19.68	0.00
NDR Statement	Revenue	715.65	604.99	-110.66	-15.46	177.22	156.15	148.07	-8.08	-5.17	-29.15	-16.45
	Cost of Goods Sold	656.66	561.49	-95.17	-14.49	161.73	145.07	133.95	-11.12	-7.67	-27.78	-17.18
	Cost of Sales to Revenue Ratio (%)	91.76	92.81	1.05	1.14	91.26	92.90	90.46	-2.44	-2.63	-0.8	-0.88
	Selling Expenses	10.81	13.21	2.40	22.20	2.93	2.35	3.88	1.53	65.11	0.95	32.42
	Selling Expenses to Revenue Ratio (%)	1.51	2.18	0.67	44.37	1.65	1.50	2.62	1.12	74.67	0.97	58.79
	Administrative Expenses	44.32	40.68	-3.64	-8.21	7.000	10.41	9.52	-0.89	-8.55	2.52	36.00
	Administrative Expenses to Revenue Ratio (%)	6.19	6.72	0.53	8.56	3.95	6.67	6.43	-0.24	-3.60	2.48	62.78

- There is no substantial change in cost of goods sold comparing between 2018 and 2019. The cost of goods sold is around 82% but the cost of goods sold of Q4/2019 is down to 77.9% because of the reduction in raw material cost.
- Although we have continually conducting cost down projects and minimize the internal expenses but there is some fix cost that we can't decrease, the ratio of selling and admin expense is almost the same with last year.
- We have to record special transaction in consolidated statement for 2019 "Loss on impairment of intangible asset" at the amount of 19.68 Million Baht which is result from reevaluate the FKRMM and GCBT at the end of 2019.

Unit : Million Baht

		2018	2019	Change (+/-)		Q4/18	Q3/19	Q4/19	Change (+/-)			
				YoY	%				QoQ	%	YoY	%
Consolidated Statement	Revenue	973.29	850.53	-122.76	-12.61	244.40	212.60	222.62	10.015	4.71	-21.785	-8.91
	Gross Profit	171.00	151.43	-19.57	-11.44	44.08	38.46	47.69	9.23	24.00	3.61	8.19
	Gross Profit Margin (%)	17.57	17.79	0.22	1.25	18.04	18.09	22.09	4.00	22.11	4.05	22.45
	Net Profit (Loss)	28.25	-19.88	-48.13	-170.37	30.91	-2.63	-12.07	-9.44	358.94	-42.98	-139.05
	Net Profit Margin (%)	2.90	-2.34	-5.24	-180.60	12.65	-1.24	-5.42	-4.18	337.25	-18.07	-142.86
NDR Statement	Revenue	715.65	604.99	-110.66	-15.46	177.22	156.15	148.07	-8.08	-5.17	-29.15	-16.45
	Gross Profit	58.99	43.50	-15.49	-26.26	15.49	11.08	14.12	3.04	27.44	-1.37	-8.84
	Gross Profit Margin (%)	8.24	7.19	-1.05	-12.74	8.74	7.10	9.54	2.44	34.37	0.8	9.15
	Net Profit (Loss)	2.23	8.03	5.80	260.09	1.44	-1.92	1.10	3.02	-157.29	-0.34	-23.61
	Net Profit Margin (%)	0.31	1.33	1.02	329.03	0.81	-1.23	0.74	1.97	-160.16	-0.07	-8.64

- Comparing operating results in the consolidated financial statements between 2018 and 2019, our company operating's result is lower that our expectation but it is loss from operation approximately 200,000 Baht. This is already included the loss form stock loss provision for white student shoe of GCBT which is our subsidiary in Malaysia because Malaysia government suddenly change the policy to use only black shoe for student. But because we have to record loss on impairment of intangible asset at the amount of 19.68 Million Baht, the consolidated statement shows total loss at 19.88 Million Baht.
- For separated NDR statement, we have a profit at 8.03 Million Baht increasing by 5.8 Million Baht comparing with 2018.

Assets and Liabilities

Unit : Million Baht

		Q4/18	Q3/19	Q4/19	Change (+/-)			
					QoQ	%	YoY	%
Consolidated Statement	Current Assets	420.68	329.50	330.46	0.958	0.29	-90.222	-21.45
	Fixed Assets	804.30	1,096.47	730.90	-365.575	-33.34	-73.405	-9.13
	Total Assets	1,224.98	1,425.97	1,061.35	-364.617	-25.57	-163.63	-13.36
	Current Liabilities	370.58	302.47	293.75	-8.724	-2.88	-76.834	-20.73
	Long Term Liabilities	90.07	71.51	64.94	-6.57	-9.19	-25.13	-27.90
	Retained Earnings	764.33	722.49	702.67	-19.82	-2.74	-61.66	-8.07
NDR Statement	Current Assets	197.87	160.72	137.06	-23.66	-14.72	-60.81	-30.73
	Fixed Assets	886.91	873.35	866.51	-6.84	-0.78	-20.40	-2.30
	Total Assets	1,084.78	1,034.07	1,003.57	-30.50	-2.95	-81.21	-7.49
	Current Liabilities	300.91	270.75	240.59	-30.16	-11.14	-60.32	-20.05
	Long Term Liabilities	46.00	27.98	26.55	-1.43	-5.11	-19.45	-42.28
	Retained Earnings	737.87	735.34	736.43	1.09	0.15	-1.44	-0.20

- We had normally paid back to the bank, so our total liabilities is down by 101.96 Million Baht comparing with 2018 and total liabilities of NDR is down by 79.77 Million Baht.
- We already paid for the transaction of purchasing FKRMM in Malaysia in 2019, so there is no remaining debt for this transaction.

Please be informed accordingly,

Yours faithfully,



(Mr. Chaiyasit Samrittivanicha)

Managing Director