

Management Discussion & Analysis for three month period ended March 31, 2020

Industry Overview

Economic – Slow down

The spread of the coronavirus disease 2019 (COVID-19) widely effects the business operations. Business activities in the country have been slowed down. The consumer behavior has also changed with more concern on spending due to lower purchasing power and confidence in current situation.

Company in Overview

R&D focusing on Green and Well-being products

The economic crisis and the spread of the coronavirus disease 2019 (COVID-19) has an impact on contract sales, but direct sales through the online channel is improving. MODERN has been focusing on research and development for environmentally friendly products, so-called Green and Well-being products. An example case is a collaboration with PTT Global Chemical PLC. (GC) for the use of the recycle materials into modern fashionable furniture recently launched.

Moreover, MODERN has invested in BuiltDee Co., Ltd. (BUD), to manufacture and distribute Fit-in furniture to cover more contract business. BUD is expected to recognize revenues this year.

Financial Performance First Quarter of 2020

Revenue increased by 18.5 percent to Baht 749.0 million with gross profit margin of 30.9 percent, a decrease of 1.9 percent

MODERN and subsidiaries recorded Baht 749.0 million from sales, rental, service (excluded other service), architectural design service and construction, representing 18.5 percent increase of Baht 117.0 million from the same period in 2019. The gross profit margin was at 30.9 percent, decreased of 1.9 percent from the same period in 2019.

Net profit equaled Baht 24.0 million, an increase of 52.4 percent

At the first quarter of 2020, net profit of MODERN and subsidiaries amounted to Baht 24.0 million, an increase of 52.4 percent from the same period in 2019 resulting from increasing revenue from sales.

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At the first quarter of 2020, MODERN received shares of incomes from investment in associate and subsidiary companies total Baht 12.8 million, an increase of 58.8 percent from the same period in 2019.

Business units and subsidiaries performance

Office and residential furniture business

Sales increased by 27.0 percent to Baht 567.7 million

At the first quarter of 2020, invoicing sales of office and residential furniture increased by 27.0 percent from the same period in 2019 to Baht 567.7 million.

Furniture fittings, solid surface, carpet tile and flooring business

Sales decreased by 0.8 percent to Baht 111.2 million

At the first quarter of 2020, sales of furniture fittings, solid surface, carpet tile and LVT flooring decreased by 0.8 percent from the same period in 2019 to Baht 111.2 million.

Space rental and services business

Rental and service income at Baht 22.8 million, an increase of 11.5 percent

At the first quarter of 2020, the business generated Baht 22.8 million rental and service (excluded other service) incomes, or 11.5 percent increase compared to the same period in 2019.

Healthcare product and medical equipment business

Revenues of Baht 36.9 million, a decrease of 16.6 percent

At the first quarter of 2020, the business recorded revenues of Baht 36.9 million from sales, architectural design service and construction, a decrease of 16.6 percent from the same period in 2019.

Architectural design business

Revenues of Baht 10.4 million, an increase of 26.8 percent

At the first quarter of 2020, the architectural and landscape design business recorded revenue Baht 10.4 million or 26.8 percent increase from the same period in 2019.

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Financial status of MODERN and subsidiaries

Baht 438.2 million of cash and cash equivalents

As of March 31, 2020, MODERN and subsidiaries recorded Baht 438.2 million for cash and cash equivalents, decreased by Baht 21.1 million. Consolidated shareholders' equity accounted for Baht 2,287.2 million, decreased by Baht 44.0 million from the end of 2019.

Baht 194.8 million of financial institution debts

MODERN and subsidiaries registered Baht 194.8 million of financial institution debts, increased by Baht 0.9 million, compared to Baht 193.9 million at the end of 2019. The Company still maintains good liquidity and high retained earnings.