

May 14, 2020

Reference no. RWI /BKK/018/2563

Subject : Management's Discussion and Analysis of Business Operations of the First Quarter of 2020

To The Director and Manager of the Stock Exchange of Thailand,

Rayong Wire Industries Plc. (the company) would like to describe and analyze the financial position and business operation of the 1<sup>st</sup> quarter of 2019 that has been audited from the external auditor, in order to disclose the information to investors and public.

### The Overview of Business Operation

In the 1<sup>st</sup> quarter of 2020, the company had the net loss of 59.23 million baht, decreased by 72.70 million baht or 539.65% comparing to the net profit of 13.47 million baht in the 1<sup>st</sup> quarter of previous year. The details are as follows:

### Financial Analysis

#### **Revenues**

The company had the total revenue as 135.63 million baht which is decreased as 117.34 million baht, compared to the first quarter of 2019 amounted of 252.97 million baht or 46.38% decreased. In the first quarter of 2020, the domestic and export sales volume was dropped including the reduction of selling price. The fluctuation of raw material price and keen competition of selling price affected to the domestic sales whereas the appreciation of Thai Baht impacted on the export sales.

### **Cost of Goods Sold**

The company had the cost of goods sold of the first quarter of 2020 as 115.47 million baht, decreased as 96.41 million baht, comparing to the cost of goods sold in the first quarter of 2019 which is 211.88 million baht or reduced by 45.50%. The cost of goods sold was going down according to the decrement of sales quantity. Also, the company had an strictly and effective stock management and cost control of raw material.

### **Expense**

In the first quarter of 2020, the company had the selling cost of 5.12 million baht, decreased by 3.35 million baht or 39.60 % compared to the same period of 2019 as amount of 8.47 million baht. Since the sales quantity of domestic and export were reduced that affected to the reduction of transportation cost.

The administration expense of first quarter of 2020 was 9.72 million baht reduced by 2.12 million baht or 17.89 %, compared to the same period of 2019 which was 11.84 million baht. The administration expense was decreased because of the reduction of allowance of doubtful debt since the company had strictly control of debt collection.

### **Financial Position**

#### **Total Asset**

As of March 31, 2020, the company has the total asset of 844.65 million baht, comparing to the total asset of 1,011.58 million baht on December 31, 2018, decreased of 166.93 million baht or 16.50%. The reason was from the withdraw of deposits at banks pledged as collateral for the payment of raw material and to decrease interest of loans together with declining on fair value on trade securities thus fluctuation on capital market

### **Liabilities**

As of March 31, 2020, the company has the total liabilities of 123.73 million baht, decreased as 105.79 million baht or 46.09%, comparing to the total liabilities of 229.52 million baht on December 31, 2019 due to deducts on short term loans from financial institution and trade receivable as payback short term loan to financial institution in order to purchase raw materials

### **Shareholders' Equity**

As of March 31, 2020, the company has total shareholders' equity of 720.92 Million Baht as 61.14 Million Baht decreased or 7.82% when compared to December 31, 2019 as of 782.06 Million Baht due to total compressive loss for 3 months (Year 2020) of 59.23 Million Baht and adjustment in accounting policies as effective on January 1, 2020 backward of 1.91 Million Baht which affect shareholders' equity as March 31, 2020 to declined

Please be informed for acknowledgment

Yours sincerely,

(Mr.Nongnuch Kumchaithep)

Director