

-TRANSLATION-

15 May 2020

Subject : Management Discussion and Analysis for Q1/2020

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing

The performance in the Q1/2020, the company and its subsidiaries have the total revenue from sales in amount of Baht 1,908.8 million which is decreasing from the 2019 at equivalence of Baht 456.8 million, about 19%. These caused, revenue from sales of domestic and export decreased about 11% and 22% respectively.

Analysis of Loss of company and its subsidiaries

The Q1/2020, the company and its subsidiaries have loss for the period of Baht 183.5 million as compared to the 2019, the company and its subsidiaries have loss for the period of Baht 230.0 million, decreased Baht 46.5 million or 20% for the following main reasons;

1. The total sales has decreased of Baht 456.8 million, due to sales volume of MDF Board and Particleboard have decreased by 18% and 31% respectively. The average price of MDF Board has increased by 3% and Particleboard has decreased by 7%.
2. Cost of sales of Baht 1,680.7 million, decreased of Baht 481.1 million, due to decreased sales volume.

Financial status

Total assets

As of 31 March 2020, the company and its subsidiaries have the total assets valued Baht 17,960.8 million, as compared to the 2019, Baht 17,454.9 million, increased Baht 505.9 million as below detailed;

1. Cash and cash equivalent items decreased Baht 31.8 million.
2. Trade and other receivable decreased Baht 88.8 million.
3. Revenue Department receivable decreased Baht 144.5 million.
4. Inventories decreased Baht 15.1 million, mainly caused by increased of finished goods Baht 65.4 million, goods in transit Baht 16.8 million, decreased of work in process Baht 32.8 million, raw materials Baht 61.2 million and supplies Baht 3.3 million.
5. Maintenance supplies increased Baht 17.9 million.
6. Property, Plant and equipment increased Baht 281.1 million.

7. Right-of-use assets increased Baht 464.8 million.
8. Intangible assets increased Baht 1.8 million.
9. Deferred tax assets increased Baht 18.0 million.

Total Liabilities

As of 31 March 2020, the company and its subsidiaries have the total liabilities valued Baht 11,904.7 million, compared to the 2019, Baht 10,027.5 million, increased Baht 1,877.2 million as below detailed;

1. Overdrafts and Short-term loans from financial institutions decreased Baht 289.5 million.
2. Trade and other payable decreased Baht 40.0 million.
3. Advances received from customers increased Baht 25.7 million.
4. Accrued income tax payable decreased Baht 10.9 million.
5. Short-term loans from related parties increased Baht 45.0 million.
6. Long-term loans from financial institutions increased Baht 1,554.5 million.
7. Lease liabilities increased Baht 470.6 million.
8. Employee benefit obligations increased Baht 114.2 million.
9. Deferred tax liabilities increased Baht 9.3 million.

Total shareholder's equity

As of 31 March 2020, the company and its subsidiaries have the total shareholder's equity valued Baht 6,056.1 million, as compared to the 2019, Baht 7,427.4 million, decreased Baht 1,371.3 million, due to retained losses from operating.

As of 31 March 2020, the company and its subsidiaries have debt to equity ratio is 1.97:1, compared to the 2019 is 1.35:1, increased by 0.62 times, due to increased of long-term loans from financial institutions and decreased of shareholders' equity, due to retained losses from operating.

Liquidity

Cash flow

The Q1/2020, the company and its subsidiaries have cash flow used in operating activities Baht 105.6 million, cash flow used in investing activities Baht 224.3 million and cash flow received from financing activities Baht 270.8 million, cash and cash equivalent items as of the ended 31 March 2020 is Baht 311.5 million, decreased from the Q1/2019 by Baht 31.8 million as summarized;

1. Net cash used in operating activities is Baht 105.6 million, increased by Baht 140.8 million, because of increased of profit from operation before change in operating assets and liabilities by Baht 81.7 million, increased operating assets Baht 292.7 million and increased operating liabilities Baht 69.6 million.
2. Net cash used in investing activities is Baht 224.3 million, decreased by Baht 310.9 million, due to the payment of investment projects decreased.
3. Net cash received from financing activities is Baht 270.8 million, decreased by Baht 127.3 million, because of increased of short-term loans from financial institutions by Baht 35.6 million, increased of short-term loans from related parties by Baht 45.0 million, decreased of long-term loans from financial institutions by Baht 186.0 million, increased of cash paid for lease liabilities by Baht 15.2 million, increased of cash paid for interest expenses by Baht 6.6 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr.Wanthana Jaroennawarat)

Director