

No. NDR014/2020

13 August 2020

**Subject:** Management Discussion and Analysis (MD&A) Report for Q2/2020**Attention:** Directors and Manager, The Stock Exchange of Thailand

N.D. Rubber Public Company Limited (“the Company” or “NDR”) would like to present the MD&A for the Three-Month period ended 30 June 2020 which the Company was still affected by the spread of COVID-19. However, the Company’s operating results began to improve in May and returned to normal in June. The details are as follows:

**Revenue**

Unit: Million Baht

|                        |                                 | Q2/19         | Q1/20         | Q2/20         |
|------------------------|---------------------------------|---------------|---------------|---------------|
| Consolidated Statement | Revenue                         | 221.13        | 167.85        | 157.53        |
|                        | Profit(loss) from exchange rate | 3.25          | 0.20          | -0.23         |
|                        | Other Revenue                   | 2.02          | 2.59          | 0.75          |
|                        |                                 | <b>226.40</b> | <b>170.64</b> | <b>158.05</b> |
| NDR Statement          | Revenue                         | 160.51        | 120.92        | 115.43        |
|                        | Profit(loss) from exchange rate | 3.25          | 0.20          | -0.23         |
|                        | Other Revenue                   | 17.60         | 12.49         | 1.05          |
|                        |                                 | <b>181.36</b> | <b>133.59</b> | <b>116.25</b> |

- Total revenues continued to decline due to the spread of COVID-19 outbreak has resulted in the closure of partner countries resulting in the Company cannot be exported to partner countries in April and May.
- Comparing between Q2/2020 and Q2/2019, our revenue is downed by 63.60 Million Baht (28.76%).
- Comparing between Q2/2020 and Q1/2020, our revenue is downed by 10.32 Million Baht (6.15%).
- NDR statement in Q2/2019 and Q1/2020 has additional revenue due to the dividend income of subsidiary resulting in higher other income than Q2/2020.

Cost and Expenses

Unit: Million Baht

|                        |                    | Q2/19  | Q1/20  | Q2/20  |
|------------------------|--------------------|--------|--------|--------|
| Consolidated Statement | Revenue            | 221.13 | 167.85 | 157.53 |
|                        | Cost of goods sold | 187.08 | 137.64 | 119.85 |
|                        |                    | 84.60% | 82.00% | 76.08% |
|                        | Selling Expenses   | 11.33  | 9.13   | 7.35   |
|                        |                    | 5.12%  | 5.44%  | 4.67%  |
|                        | Admin Expenses     | 25.52  | 24.47  | 19.62  |
| 11.55%                 |                    | 14.58% | 12.45% |        |
| NDR Statement          | Revenue            | 160.51 | 120.92 | 115.43 |
|                        | Cost of goods sold | 149.30 | 108.43 | 102.48 |
|                        |                    | 93.02% | 89.67% | 88.78% |
|                        | Selling Expenses   | 2.54   | 2.51   | 1.41   |
|                        |                    | 1.58%  | 2.08%  | 1.22%  |
|                        | Admin Expenses     | 10.73  | 10.66  | 9.20   |
| 6.68%                  |                    | 8.82%  | 7.97%  |        |

- Cost of goods sold in Q2/2020 continued to decline from Q1/2020 and 8.52% lower than Q2/2019 due to lower raw material costs and reducing unnecessary costs in production.
- Resulting from the continuous reduction in production capacity and unnecessary expenses in Q1/2020, the Selling and Administrative expenses continued to decrease. However, the revenue declines in Q2/2020 has not much changed in the percentage of Selling and Administrative expenses.

Company Performance

Unit: Million Baht

|                        |                   | Q2/19  | Q1/20  | Q2/20  |
|------------------------|-------------------|--------|--------|--------|
| Consolidated Statement | Revenue           | 221.13 | 167.85 | 157.53 |
|                        | Gross Profit      | 34.05  | 30.21  | 37.68  |
|                        |                   | 15.40% | 18.00% | 23.92% |
|                        | Net Profit (Loss) | -0.16  | -2.41  | 8.85   |
| -0.07%                 |                   | -1.43% | 5.62%  |        |
| NDR Statement          | Revenue           | 160.51 | 120.92 | 115.43 |
|                        | Gross Profit      | 11.22  | 12.49  | 12.94  |
|                        |                   | 6.99%  | 10.33% | 11.21% |
|                        | Net Profit (Loss) | 16.09  | 10.36  | 1.28   |
| 10.02%                 |                   | 8.57%  | 1.11%  |        |

- Although the Company's revenue decreased significantly in Q2/2020 but with the COVID-19 virus outbreak causing in the global also slowdown in tire production, resulted in a sharp drop of raw material prices which positively affects the Company due to the lower costs and higher gross profit. In addition, continuous cost reduction since Q1/2020 resulted in the Company's profit of 8.85 Million Baht in Q2/2020. The operating results for the first six-months of 2020, the Company has a profit of 6.44 Million Baht.

**Assets and Liabilities**

Unit: Million Baht

|                           |                       | Q2/19    | Q1/20    | Q2/20    | YoY     |         | QoQ    |        |
|---------------------------|-----------------------|----------|----------|----------|---------|---------|--------|--------|
| Consolidated<br>Statement | Current Assets        | 369.16   | 309.33   | 301.41   | -67.75  | -18.35% | -7.92  | -2.56% |
|                           | Fixed Assets          | 780.29   | 735.43   | 715.53   | -64.76  | -8.30%  | -19.9  | -2.71% |
|                           | Total Assets          | 1,149.45 | 1,044.76 | 1,016.94 | -132.51 | -11.53% | -27.82 | -2.66% |
|                           | Current Liabilities   | 341.13   | 258.33   | 243.08   | -98.05  | -28.74% | -15.25 | -5.90% |
|                           | Long term Liabilities | 76.92    | 62.35    | 60.66    | -16.26  | -21.14% | -1.69  | -2.71% |
|                           | Retained Earnings     | 731.40   | 724.09   | 713.20   | -18.2   | -2.49%  | -10.89 | -1.50% |
| NDR<br>Statement          | Current Assets        | 197.22   | 131.57   | 137.41   | -59.81  | -30.33% | 5.84   | 4.44%  |
|                           | Fixed Assets          | 880.69   | 859.16   | 850.24   | -30.45  | -3.46%  | -8.92  | -1.04% |
|                           | Total Assets          | 1,077.91 | 990.73   | 987.65   | -90.26  | -8.37%  | -3.08  | -0.31% |
|                           | Current Liabilities   | 307.70   | 221.09   | 217.76   | -89.94  | -29.23% | -3.33  | -1.51% |
|                           | Long term Liabilities | 32.96    | 23.85    | 22.81    | -10.15  | -30.79% | -1.04  | -4.36% |
|                           | Retained Earnings     | 737.25   | 745.80   | 747.08   | 9.83    | 1.33%   | 1.28   | 0.17%  |

- In Q2/2020, the Company still had no investment according to slowdown policy due to the spread of COVID-19.
- During the uncertain situation of the COVID-19 virus outbreak, the Company received support from financial institutions to maintain financial liquidity as follows:
  - It is approved to stop the principal payments from April 2020 to September 2020.
  - In May 2020, the Company received Soft Loan of 20 Million Baht with a special interest rate for 1 year.

As the situation of the COVID-19 virus epidemic remains unresolved, the Company continues to seek cooperation from employees to comply with the anti-epidemic measures announced since Q1/2020 as follows:

- All employees and visitors must enter into the screening point for fever screening before entering the Company;
- All employees are required to wear a surgical mask at all times when in public areas;
- Encourage employees to regularly wash their hands with water or alcohol and keep social distance;
- The Company has prohibited all employees including executives from leaving the provincial area since March;
- The Company reduced production in April and May to minimize expenses and control cash flow in accordance with income and resumed normal operation in June.

Please be informed accordingly,

Yours faithfully,



(Mr. Chaiyasit Samrittivanicha)

Managing Director