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February 13<sup>th</sup>, 2020

Subject: Management Discussion and Analysis for Quarter 1/FY2020

To: Managing Director

The Stock Exchange of Thailand

Inoue Rubber (Thailand) Public Company Limited (the “Company”) would like to clarify its operation results for the Quarter1/FY2020 (ended December 31<sup>st</sup>, 2019) of the Company and its subsidiaries, as follows:

(unit: million baht)	Q1/FY2020	Q1/FY2019	change	%YoY
Total Revenues	1,245.17	1,439.49	(194.32)	-13.50%
Cost of Sales and Services	1,074.00	1,251.00	(177.00)	-14.15%
Selling and Administrative Expenses	99.63	103.61	(3.98)	-3.84%
EBIT	71.54	84.88	(13.34)	-15.72%
Net Profit	59.74	70.56	(10.82)	-15.33%
Basic Earnings per Share	0.30	0.35	(0.05)	-15.33%

### Performance Report

Issue of trade war between the United States and China affected the overall global economy as well as the slowdown of Thailand economy. This affected the production of Thai automotive and motorcycle, as well as the sales and production costs of the Company during the first quarter of the fiscal year 2020 (1 October 2019 to 31 December 2019) as follows;

1. Decrease in Company’s total revenue around 194.32 million baht, or 13.50% comparing to the same period last year due to the slowdown of automobile’s and motorcycle’s production.
2. Decrease in cost of sales and services around 177.00 million baht, or 14.15% comparing to the same period last year, mainly due to the decrease in raw material.
3. Decrease in selling and administrative expenses decreased by 3.98 million baht, or 3.84% comparing to the same period last year partly due to the decrease in sales. However, the Company has organized CSR activities on the occasion of the 50th anniversary of the company.



Overall, in Q1/FY2020, the Company had net profit around 59.74 million baht, decreased around 10.82 million baht or 15.33% comparing to the same period last year, and had earnings per share at 0.30 baht.

## Financial Status

As of December 31<sup>st</sup>, 2019, the Company had total assets at 4,883.18 million baht, increased by 34.40 million baht comparing to September 30<sup>th</sup>, 2019 mainly due to the increase in property, plant and equipment.

The Company's total liabilities amounted to 1,292.23 million baht, increased by 24.53 million baht comparing to September 30<sup>th</sup>, 2019 mainly resulting from increase in employee benefit obligations.

The Company's total shareholders' equity amounted to 3,590.95 million baht, increased by 9.87 million baht. This represented the Company's book value per share at 17.95 and D/E ratio at 0.36 times.

## Cash Flow

As of December 31<sup>th</sup>, 2019, the Company had cash paid in operating activities around 156.65 million baht, increased about 187.65 baht. Net cash used in investing activities around 152.95 million baht, decreased about 25.61 million baht and had net cash used in financing activities around 0.13 million baht from the payments for treasury shares.

As of December 31<sup>st</sup>, 2019, the Company had cash and cash equivalents at 602.77 million baht, decreased around 10.63 million baht compared to December 31<sup>st</sup>, 2018.

Pleased be informed accordingly and further disseminate to investors.

Faithfully yours,

(Mrs. Pimjai Leeissaranukul)

(Mr. Katsunori Ito)

Executive Chairman

President