

May 11<sup>th</sup>, 2018

Subject: Management Explanation and Analysis of Operating Results for the first Quarter of 2018

To: The President of the Stock Exchange of Thailand

In the first quarter of 2018, the consolidated financial statement of Thai Rubber Latex Corporation (Thailand) PLC. ("TRUBB")("the Company") showed the Company's profit before tax was 136 million Baht and corporate tax expenses was 10 million Baht, leading the net profit of 126 million Baht. Comparing to the result of 1<sup>st</sup> quarter of 2017, which the profit before tax for the period was 115 million Baht and tax expenses was 6 million Baht, leading the net profit of 109 million Baht, the Company's net profit increased 17 million Baht. This was because the sale volume of latex product business increased and the cost of production decreased, which was from the field latex price decreased from 74 Baht per kilogram in the 1<sup>st</sup> quarter of 2017 to 45 Baht per kilogram in the 1<sup>st</sup> quarter of 2018 (Source: Rubber Authority of Thailand).

Comparing the operation result of the first quarter of 2018 to 2017, Group Company had sales and service incomes 2,136 million Baht, the decrease of 888 million Baht or 29%, because of the decrease of rubber price. Meanwhile, cost of goods sold was 1,800 million Baht, the decrease of 892 million Baht or 33% due to the fact that rubber price had decreased and the volume of production units had increased. Moreover, the Company had been controlling cost efficiently, leading the decrease of production cost. Currently, the company has developed its production in order to increase the quality of products.

The company had its subsidiary companies with operating results as follows:

1. For the 1<sup>st</sup> quarter of 2018, Latex and pre-vulcanized latex group's profit before tax was 24 million Baht, the decrease of 70 million Baht comparing to Q1-2017, due to the decrease in rubber price since last year and the increase of production volume leading the decrease of cost of production. Having well-controlled cost of production and efficient storage tanks, the group would have materials for its production to meet the future demand.

2. For the 1<sup>st</sup> quarter of 2018, latex product group had 133 million Baht profit before tax, the increase in profit of 99 million Bath comparing to the operating result of the 1<sup>st</sup> quarter of 2017 due to the fact that the group adjusted the system and expanded the capacity of the rubber mattress and pillow business, fully starting since the 3<sup>rd</sup> quarter of 2017. The rubber thread business increased its capacity in Q1 2018, leading the increase of sale volume and the sales and service incomes, 174 million Baht or 105%. The group has expanded its customer bases continually, especially in China because of its product quality with highly demanded.

3. For the 1<sup>st</sup> quarter of 2018, rubber plantation group had 21 million Baht loss before tax, the increase in loss of 8 million because rubber price was fluctuated and it was at the low level. Furthermore, the group still had to bear the burden of its fixed cost, which not depended on rubber price, that caused the loss of the group business.

In term of selling expense, it decreased as much as the revenues, remaining the same ratio as 1<sup>st</sup> quarter of 2017

The Company had the better operating result from latex product group business generating much profit comparing to the result of Q1-2017

Please be informed accordingly,

Yours faithfully,

Mr.Vorathep Wongsasuthikul

Executive Chairman