

November 12, 2019

Re : Management Explanation and Analysis of Operating Results for the 3rd of 2019

To : The President of the Stock Exchange of Thailand

The company and its subsidiaries ("the Group Company") reported that for the financial statements for the 3rd quarter of 2019, the Group Company's loss before tax was 109.21 million Baht and corporate tax income was 14.21 million Baht. As a result, the net loss was 95.00 million Baht. For the financial statements for 9-month period of 2019, it had 182.57 million Baht in loss before tax and corporate tax income was 6.88 million Baht, so its operating result was 175.69 million Baht in loss. It was because of the effect from trade war between the US and China causing economic depression, and the unstable rubber market, affecting the fluctuation of field latex price. Comparing the average price of field latex on Q3-2018 and Q3-2019, the price was 41.74 Baht per kilogram in 2018 and went up slightly to 41.81 Baht per kilogram in 2019, the increase of 0.17% (Source: Rubber Research Institute of Thailand). The price was still at low level.

For the 9-month period of 2019, the Group Company had sales and service income 5,374.34 million Baht comparing to the same period last year which was 5,646.88 million Baht, the decrease of 4.83% or 272.54 million Baht; however, the sale volume went up 5% for the 9-month period. The effect from trade war was causing the world demand for rubber lower and the fluctuation of field latex price resulting the company's income lower. For the 9-month period, cost of sales and service in 2019 comparing to 2018 was 4,913.83 million Baht and 4,937.44 million Baht, the decrease of 0.48% or 23.61 million Baht due to the better cost controlling. The Company still has improving of rubber production which caused greater output and higher quality of rubber products. However, the price of chemical materials increased, causing the higher cost of production.

The company had its subsidiary companies and associated company with financial results as follows:

1. For the 9-month period of 2019, latex and pre-vulcanized latex group had loss before tax 137 million Baht due to the low-level of rubber price causing sale income of skim rubber lower. Because the Group Company invested in the new plants and tanks for producing and containing more products since the late 2016, it could contain more materials in order to produce more products for demand in the future.
2. For the 9-month period of 2019, finished product group had loss before tax 33 million Baht due to the effect from trade war causing decrease in rubber product demand. However, the group's consumers were mainly from China and Europe and would continue to expand more because of the group's products have good qualities to meet demand.
3. For the 9-month period of 2019, rubber plantation group had 13 million Baht loss before tax, the decrease in loss of 26 million Baht comparing to the same period of the last year. The group had the better result because it had improved its management. Although there were many factors affecting business such as the high volatility of field latex price and the latex price was at the low level, the group had fixed cost which was why the company had the net loss.

Please be informed accordingly,

Yours faithfully,

Mr.Vorathep Wongsasuthikul

Chairman