

May 14, 2020

Re : Management Explanation and Analysis of Operating Results for 1st quarter of 2020

To : The President of the Stock Exchange of Thailand

The company and its subsidiaries ("the Group Company") reported that for the financial statements for 1st quarter of 2020, the Group Company's profit before tax was Baht 65.02 million and corporate tax expenses was Baht 18.88 million. As a result, the net profit was Baht 46.14 million. The comprehensive profit only the part of the parent company was 74.30 million. It was because the Group Company had a better cost controlling, and also exchange rate USD/THB rose by approximately 10% from 30 to 33 since the beginning of January to the end of March. The Group Company efficiently controlled cost of raw material even though there is the outbreak of Corona Virus (COVID - 19) and the effect from ongoing US-China trade causing economic depression, and the unstable rubber market, which were affecting the fluctuation of field latex price and the lower rubber demand. Comparing the average price of field latex of January and March in 2020, the price was Baht 40.18 per kilogram in January and slightly dropped to Baht 38.66 per kilogram in March, the decrease of 3.78% (Source: Rubber Authority of Thailand). The price was still at low level.

For 1st quarter of 2020, the Group Company had sales and service income Baht 1,639.25 million comparing to the same period last year which was Baht 1,885.39 million, the decrease of 13% or Baht 246.14 million. The effect from the outbreak of COVID - 19 and trade war were causing the world demand for rubber lower and the fluctuation of field latex price resulting the company's income lower. Cost of sales and service for 1Q-2020 comparing to 1Q-2019 was Baht 1,427.89 million and Baht 1,750.13 million, the decrease of 18% or Baht 322.24 million due to a drop in sales income. However, 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 1Q-2020, Latex and pre-vulcanized latex group had profit before tax Baht 108 million due to Company's marketing strategy for 2020 is to sell more in the domestic market and sell less to the export market. Company targets to increase our present Domestic to Export sales ratio of 60:40 to 70:30. Company will try utmost to sell more than 70 percent in the domestic market in 2020, affecting the lower selling cost. However, the low-level of rubber price caused sale income of skim rubber lower. Company is still monitoring the effect of the COVID - 19 outbreak and ongoing US-China trade war. Moreover, the world rubber market has been more competitive. Because the Group Company invested in the new 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 1Q-2020, Finished product group had loss before tax Baht 34 million due to the effect from the COVID - 19 outbreak causing decrease in rubber product demand, which has the effect to customers in China directly. 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 1Q-2020, Rubber plantation group had Baht 9 million in loss before tax due to the fact that there were many factors affecting business such as the high volatility of field latex price and the latex price was at the low level; moreover, the group had fixed cost which was why the company had the net loss.

Please be informed accordingly,

Yours faithfully,

Mr.Vorathep Wongsasuthikul

Chairman