

November 12, 2020

Re : Management Explanation and Analysis of Operating Results for the 3rd 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 the 3rd quarter of 2020, the Group Company's loss before tax was 69.86 million Baht and corporate tax expense was 1.54 million Baht. As a result, the net loss was 71.40 million Baht, the part of the parent company was 29.46 million Baht. For the financial statements for 9-month period of 2020, it had 77.37 million Baht in loss before tax and corporate tax expense was 29.68 million Baht, so its operating result was 107.04 million Baht in loss, the part of the parent company was 10.66 million Baht. It was because of the global economic depression due to the COVID-19 outbreaks and US-China Trade War. Comparing the average price of field latex on Q3-2019 and Q3-2020, the price was 41.81 Baht per kilogram in 2019 and went up slightly to 43.88 Baht per kilogram in 2020, the increase of 4.95% (Source: Rubber Research Institute of Thailand). The price was still at low level.

For the 9-month period of 2020, the Group Company had sales and service income 4,662.98 million Baht comparing to the same period last year which was 5,374.34 million Baht, the decrease of 13.23% or 711.36 million Baht. The effect from economic depression and the uncertainty of the rubber market which result the fluctuation of field latex price. For the 9-month period, cost of sales and service in 2020 comparing to 2019 was 4,245.63 million Baht and 4,913.83 million Baht, the decrease of 13.93% or 686.20 million Baht due to the better cost management and production control.

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

1. For the 9-month period of 2020, latex and pre-vulcanized latex group had income before tax 81 million Baht because Company's marketing strategy for 2020 is increasing domestic sale and dropping export, affecting the lower distribution cost. In the year 2020, the Company has planned to increase sale proportion between domestic and abroad to 70:30.
2. For the 9-month period of 2020, finished product group had loss before tax 143 million Baht. The effect from decreasing in demand by COVID-19 outbreak. It has a direct impact to the major market in China. However, the group's business were continue to expand new markets both domestic and overseas because of the group's products have good qualities to meet demand.
3. For the 9-month period of 2020, rubber plantation group had 15 million Baht loss before tax. 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's business had fixed cost which was not varied on the latex price that result the net loss.

Please be informed accordingly,

Yours faithfully,

(Mr.Vorathep Wongsasuthikul)

Chairman