



บริษัท ระยองไวร์ อินดัสตรีส์ จำกัด (มหาชน)
RAYONG WIRE INDUSTRIES PUBLIC COMPANY LIMITED
ทะเบียนเลขที่ 0107552000111



February 28, 2020

Reference no. RWI/RV/003/2563

Subject : Management Discussion and Analysis of Business Operation of 2019
To : The Director and Manager of the Stock Exchange of Thailand,

Rayong Wire Industries PLC. (RWI) would like to describe and analyze the financial situation and business operation of 2018 that had been audited from the external auditor, in order to disclose the information to the investors and publics.

The Overview of Business Operation

In 2019, the company had the net loss of 282.08 million baht, compared to the net profit of 52.87 million baht in 2018, decreased as 334.95 million baht or 633.51 percent. The details are as follows:

Business Operation Analysis

Revenue

In 2019, the company had total revenue of 683.97 million baht, decreased by 167.54 million baht comparing to the total revenue of 1,106.63 million baht in 2018 or decreased as 38.19 percent. In 2019, sales quantity and selling price of domestic and export was declined resulted from the fluctuation of raw material cost continuously. According to the Baht appreciation, it affected quickly to the reduction of export income. Consequently, RWI's competitors turned to sell more to the domestic market instead of export market finally impacted on the keen competition of price and sales. However, the company applied the forward contract for export income, therefore, it would impact only on the income recognition.

Cost of Goods Sold

In 2019, the company had cost of goods sold as 684.24 million baht, decreased to 269.86 million baht comparing to 2018 which had cost of goods sold as 954.10 million baht, reduced 28.28%. The cost of goods was varied from the fluctuation of raw material cost but it will not affect to the cost of goods sold in long term. The company had concerned to apply the effective inventory control and raw material cost management properly.



Expense

In 2019, the company had the selling cost as 29.22 million baht, decreased 11.14 million baht or 27.60 percent comparing to the selling cost of 40.36 million baht in 2018. The reason was from the reduction of both domestic and export sales that resulted to the decrement of transportation expense.

The company had administration expense as 53.87 million baht, increased by 13.04 million baht or 31.94 percent comparing to 2018 which was 40.83 million baht. Some of administration expense was from allowance for doubtful debt according to the caution policy and also from the advantage calculation of new employees regarding to the accounting standard number 19. It was abiding to the new labor law of 400 days enforced from 2019.

The unrealized loss from the trading securities was 204.80 million baht that caused from the change of fair value of the investment in a certain period of capital market only

Financial Position

Total Asset

As of December 31, 2019, the company had the total asset of 1,011.58 million baht, decreased 473.51 million baht or 31.88 percent comparing to the total asset of 1,485.09 million baht on December 31, 2018. According to the reduction of inventories, the company managed and implemented the inventories control precisely to deal with the marketing situation. It could result to the reduction of raw material stock which was a kind of inventories. Moreover, the company could reduce the short term investment from the change of fair value of trading securities by selling the available-for-sale-investment to repay the short term debt from financial institution. The accounts receivable was dropped from the sales reduction as well.

Liabilities

As of December 31, 2019, the company has the total liabilities of 229.52 million baht, decreased to 189.97 million baht or 45.29 percent comparing to the total liabilities of 419.49 million baht on December 31, 2018. It was caused from the decrement of short-term loan from the financial institution and accounts payable in order to buy raw material.



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Shareholders' Equity

As of December 31, 2019, the company had the shareholders equity of 782.06 million baht, decreased 283.54 million baht or 25.61 percent comparing to 1,065.60 million baht on December 31, 2018. The company had the total comprehensive loss of 2019 as 283.54 million baht that impact on the reduction of shareholders' equity as of December 31, 2019.

Please be informed accordingly

Yours sincerely,

(Ms.Nongnuch Kumchaithep)
Director