

February 23, 2021

Reference no. RWI/BKK/002/2564

Subject : Management Discussion and Analysis of Business Operation of 2020
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 on December 31, 2020 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 2020, the company had the net profit of 30.88 million baht, compared to the net loss of 282.08 million baht in 2019, increased as 312.96 million baht or 110.95 percent. The details are as follows:

Business Operation Analysis

Revenue

In 2020, the company had total revenue of 630.57 million baht, decreased by 53.40 million baht comparing to the total revenue of 683.97 million baht in 2019 or decreased as 7.81 percent. Since in 2020, the selling income was decreased as 116.46 million baht and had the other income from scrap sale increased as 12.86 million baht. The company had adjusted the fair value of securities from the demand of the market for trading to gain the profit up to 47.56 million baht.

Cost of Goods Sold

In 2020, the company had cost of goods sold as 523.24 million baht, decreased to 160.19 million baht comparing to 2019 which had cost of goods sold as 683.44 million baht, reduced 23.44%. The cost of goods was varied from the reduction of sales quantity.

Expense

In 2020, the company had the selling cost as 21.66 million baht, decreased 7.56 million baht or 25.87 percent comparing to the selling cost of 29.22 million baht in 2019. 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 37.37 million baht, decreased by 16.50 million baht or 30.63 percent comparing to the same period of 2019 which was 53.87 million baht. The administration expense was reduced according to the repayment of debtor that was set up the allowance for doubtful.

Financial Position

Total Asset

As of December 31, 2020, the company had the total asset of 1,128.20 million baht, increased 116.62 million baht or 11.53 percent comparing to the total asset of 1,011.58 million baht on December 31, 2019 due to value of cash and equivalent to cash of 109.33 million baht and inventory of 30.47 million baht. Moreover, the company has manage inventory strictly in order to reduce increased in price of raw materials of 167.46 million baht (calculation came from use right of value of land lease of Industrial Estate Authority of Thailand increased

Liabilities

As of December 31, 2020 as total liability of 355.01 million baht as 125.49 million baht increase of 54.68 percent when compared to December 31, 2019 as total liabilities of 229.52 million baht. By this, increase in liabilities under land lease agreement which has renew on June 15, 2020 for period of 20 years. Thai Standard Financial Reporting No.16 as effective from January 1, 2020 as set such lease agreement should recognize value of item through lifetime of lease agreement which shown in financial statement.

Shareholders' Equity

As of December 31, 2020, the company had the shareholders equity of 773.19 million baht, decreased 8.88 million baht or 1.13 percent comparing to December 31, 2019 of 782.06 million baht due to increase in net profit as amount of 27.58 million baht (12 months period of year 2020), In addition, there is reserve for treasury common stock of 34.54 million baht under Public Companies Act to set legal reserve when company has profitable so company has set legal reserve as 2.73 million baht.

Please be informed accordingly

Yours sincerely,



(Ms.Nongnuch Kumchaithep)
Director