

**-Translated Version-**

No. ECF2 026/2019

May 15, 2019

Subject: Management Discussion and Analysis of the 1<sup>st</sup> quarter ended 31 March, 2019To President  
The Stock Exchange of Thailand

East Coast Furnitech Public Company Limited (“the Company”) would like to report on Management Discussion and Analysis from the Separate and Consolidated Financial Statements of the 1<sup>st</sup> quarter ended 31 March, 2019. The details are as follows;

**Operating Performance**1. Revenues

Unit: Million Baht

	Consolidated				Separate			
	Amount		Change		Amount		Change	
	Q1.2019	Q1.2018	Amount	%	Q1.2019	Q1.2018	Amount	%
Revenue from sale – net	365.37	370.47	-5.10	-1.38%	365.20	364.64	0.55	0.15%
Loss (profit) from the exchange rate	0.00	0.00	0.00	N.A.	0.00	0.00	0.00	N.A.
Other incomes	6.89	11.06	-4.17	-37.67%	4.69	9.26	-4.57	-49.31%
<b>Total Revenue</b>	<b>372.26</b>	<b>381.53</b>	<b>-9.26</b>	<b>-2.43%</b>	<b>369.89</b>	<b>373.90</b>	<b>-4.01</b>	<b>-1.07%</b>
Sharing of gain (loss) from investment value of the associates	1.62	0.25	1.37	542.86%				

In the overview of Revenue from sale – net for the 1<sup>st</sup> quarter 2019, the Company could generate growth rate from the revenue of exporting furniture equivalent to 4 percent or at the amount from export sales Baht 216 million. Whereas the domestic revenue decreased 9 percent with the amount of domestic sales Baht 149 million. In sum, the 1<sup>st</sup> quarter 2019 the Company had the Revenue from sale – net decreasing from the same period of the last year 1.38 percent with the reason of the decrease of revenue from ELEGA Showrooms that were closed some non-profit branches. In this regard, the closing of ELEGA branches came from the strategic to close some branches that could not generate revenue and profit as target including to reduce the fixed cost from rental expense and administrative expense. However the 1<sup>st</sup>

quarter 2019, the Company did get the revenue from Can do retail shop since all branches of Can do had been closed since the end of Year 2018 as well.

At the present, the Company has the proportion of revenue between export sales and domestic sales equivalent to 59 percent and 41 percent of total Revenue from sale respectively.

The sharing of gain (loss) from investment value of the associates for the 1<sup>st</sup> quarter 2019 was profit Baht 1.62 million increasing from the same period of the last year at the amount of Baht 0.25 million derived from gain (loss) from investment value of the associates with the details as follows;

1. SAFE Energy Holdings Company Limited (SAFE) which is held 33.37 percent of total shares by ECF Power Company Limited (ECF-P) and ECF-P is the subsidiary held 99.99 percent by the Company. At the present, SAFE gains profit from biomass power plant project with installation capacity 7.5 MW of Prize of Wood Green Energy in Narathiwat Province which this project is held 99.99 percent of total shares by SAFE. The Company could start gaining profit sharing since the beginning of the 3<sup>rd</sup> Quarter of 2017. Moreover, the Company could start commercial operation from SAFE Energy (Phrae) Company Limited for the Biomass Gasification Project with the installation capacity 1 MW at Long District, Phrae Province. For the 1<sup>st</sup> quarter 2019, the Company could realize the profit sharing from SAFE at the amount of Baht 4.19 million.
2. Green Earth Power (Thailand) Company Limited (GEP) operates solar power plant project with installation capacity 220 MW at Minbu District, Myanmar. ECF-P holds 20 percent of total shares of GEP. Currently, the project is under construction and has not been starting commercial yet. For the 1<sup>st</sup> quarter 2019, the Company realized the loss sharing from GEP at the amount of Baht 2.53 million. Now the project is on the process of accelerating to finish the first phase of 50MW soon, therefore the expenses are in high amount from the operation.

## 2. Cost of goods sold and expenses : Consolidated

Unit: Million Baht

Information	Amount		Change		Comparing to Total Revenue	
	Q1.2019	Q1.2018	Amount	%	Q1.2019	Q1.2018
Cost of goods sold	255.37	259.61	-4.24	-1.63%	68.60%	68.05%
Cost of sales	36.16	39.45	-3.29	-8.33%	9.71%	10.34%
Administrative expenses	44.82	47.24	-2.42	-5.13%	12.04%	12.38%
Loss from Exchange rate	0.32	0.77	-0.45	-58.30%	0.09%	0.20%
Financial costs	24.93	22.98	1.95	8.47%	6.70%	6.02%
Income tax expense	2.59	3.80	-1.22	-32.00%	0.69%	1.00%
<b>Total cost of goods sold and expenses</b>	<b>364.18</b>	<b>373.85</b>	<b>-9.67</b>	<b>-2.59%</b>		

The overview of costs and expenses of the 1<sup>st</sup> quarter 2019, the Company could manage the proportion of cost of goods sold, cost of distribution and administrative expenses which was approximate to the same period of the last year. Exception the cost of financial which increased or equivalent to Baht 1.95 million from the outstanding debt from the offering and issuance of debenture on February 2018 in the amount of Baht 699.90 million and later on March 2019 in the amount of Baht 200 million with the interest rate 6.5 percent and 6.75 percent per year respectively, including the short-term loans from individuals and other businesses with the outstanding balance as of 31 March 2019 Baht 263.99 million with the interest rate between 5.5 percent and 7.5 percent per annum.

### 3. Profit for the period

Unit: Million Baht

	Consolidated				Separate			
	Amount		Change		Amount		Change	
	Q1.2019	Q1.2018	Amount	%	Q1.2019	Q1.2018	Amount	%
Gross Profit	110.00	110.85	-0.85	-0.77%	109.88	109.23	0.65	0.59%
Profit (Owners of the parent)	<b>9.68</b>	<b>9.48</b>	<b>0.20</b>	<b>2.12%</b>	<b>8.63</b>	<b>12.59</b>	<b>-3.96</b>	<b>-31.46%</b>
Total Comprehensive Income for the Period	8.67	6.37	2.30	36.05%				

In overall the profit of the 1<sup>st</sup> quarter 2019 (Consolidated), for profit (Owners of the parent) amounted to Baht 9.68 million which increased 2.12 percent when comparing to the last year. It caused from the control of Cost of sales and administrative expenses decreased eventhough the Revenue from sale was approximate to the last year.

In this regard, the profit from furniture business (Separate) could still generate gross profit grow up equivalent to 0.59 percent. The Company could efficiently manage cost of good sold for furniture business whereas the profit for the period decreased 31.46 percent from the other revenue decreasing at the amount of 4.57 million from the decrease of revenue from selling raw materials in the 1<sup>st</sup> quarter 2019.

## Financial Position: Consolidated Financial Statements

### 1. Total Assets

Statement of Financial Position	March 31, 2019		December 31, 2018		Increased / (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Assets	1,954.12	55.63%	1,872.72	55.15%	81.40	4.35%
Non-Current Assets	1,558.74	44.37%	1,522.81	44.85%	35.94	2.36%
<b>Total Assets</b>	<b>3,512.86</b>	<b>100.00%</b>	<b>3,395.53</b>	<b>100.00%</b>	<b>117.33</b>	<b>3.46%</b>

As of March 31, 2019, the Company's total assets were Baht 3,512.86 million, increased by Baht 117.33 million from as of December 31, 2018. The main reason came from the increase of cash or cash equivalent increasing from the issuance of debentures at the amount of Baht 200 million since March 2019.

## 2. Total Liabilities and Shareholder's Equity

Statement of Financial Position	March 31, 2019		December 31, 2018		Increased / (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Liabilities	1,149.85	32.73%	1,181.25	34.79%	-31.40	-2.66%
Non-Current Liabilities	906.78	25.81%	766.96	22.59%	139.82	18.23%
<b>Total Liabilities</b>	<b>2,056.63</b>	<b>58.55%</b>	<b>1,948.21</b>	<b>57.38%</b>	<b>108.42</b>	<b>5.56%</b>
<b>Shareholder's Equity</b>	<b>1,456.24</b>	<b>41.45%</b>	<b>1,447.32</b>	<b>42.62%</b>	<b>8.92</b>	<b>0.62%</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>3,512.86</b>	<b>100.00%</b>	<b>3,395.53</b>	<b>100.00%</b>	<b>117.33</b>	<b>3.46%</b>

As of March 31, 2019, the Company's total liabilities were Baht 2,056.63 million increased when comparing to as of December 31, 2018 equivalent to Baht 108.42 million which caused from the increase of Debentures – net from 688.64 million to Baht 822.16 million. In this regard, the debt to equity ratio was 1.41 times.

Shareholder's Equities as of March 31, 2019 were Baht 1,456.24 million increased Baht 8.92 million from as of December 31, 2018, which caused from the increase of Unappropriated retained earnings at the amount of Baht 16.46 million .

Kindly be informed accordingly,

Yours sincerely,

East Coast Furnitech Public Company Limited

-Signature-

(Arak Suksawad)

Managing Director