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No. ECF2 007/2020

February 28, 2020

Subject: Management Discussion and Analysis of the year 2019 ended December 31, 2019

To 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 year ended December 31, 2019. The details are as follows;

Operating Performance

1. Revenue

Unit: Million Baht

Information of period	Consolidated				Separate			
	Amount		Change		Amount		Change	
	2019	2018	Value	%	2019	2018	Amount	%
Revenue from sale – net	1,254.18	1,393.11	-138.92	-9.97%	1,251.51	1,381.97	-130.47	-9.44%
Gain on exchange rate	0.34	1.26	-0.92	-72.75%	0.41	1.29	- 0.88	-67.89%
Other income	36.37	48.96	-12.59	-25.71%	32.89	44.75	- 11.86	-26.50%
Total Revenue	1,290.90	1,443.33	-152.43	-10.56%	1,284.81	1,428.01	- 143.20	-10.03%
Sharing of gain (loss) from investment value of the associate and joint venture	10.76	-0.87	11.63	N.A.				

The overview of revenue for 12-month period ended December 31, 2019 by comparing to the last year, the revenue from sale decreased 9.97 percent from consolidated whereas the main revenue generated from furniture as the core business decreased 9.44 from the previous year as well. That caused from the management policy of some distribution channels in domestic to enhance the efficiency of expenses. Such policy made the decrease of revenue but decrease the expenses caused from that distribution channels also. In this regard, the other revenues decreased significantly for the year 2019 that caused from disappearing of the disposal of asset of the Company.

For the sharing of gain (loss) from investment value of the associate and joint venture valued profit Baht 10.76 million when comparing to the last year with loss Baht 0.87 million. This sharing of gain (loss) has come from the investment in energy business i.e. the biomass power plant in the southern of Thailand and the solar power plant, Myanmar managed by Green Earth Power (Thailand) Co.,Ltd. that has

already accomplished the commencement of commercial operation for the 1st phase 50MW from totaling 220 MW.

2. Cost of goods sold and expenses: Consolidated

Unit: Million Baht

Information of period	Value		Change		Compare total income		Value	
	2019	2018	Amount	%	2019	%	2019	2018
Cost of goods sold	884.73	1,014.99	-130.26	-12.83%	68.54%	70.32%	882.99	1,007.42
Cost of sales	74.82	96.36	-21.54	-22.35%	5.80%	6.68%		
Administrative expenses	184.82	187.61	-2.79	-1.49%	14.32%	13.00%		
Financial costs	115.43	101.24	14.20	14.02%	8.94%	7.01%		
Total cost of goods sold and expenses	1,259.81	1,400.20	-140.39	-10.03%				

The overview of cost of goods sold and expenses of the year 2019 was in the same direction when comparing to the last year with the fact that the company has still managed the cost of goods sold efficiently. In this regard, the cost of sales has decreased significantly since the management of distribution channel to less the cost.

For the administrative expenses to total revenue was close to the last year and not able to decrease since the Company had mainly the fixed expenses. However, the financial cost has been increasing from the incremental issuance and offering of debentures in the amount of Baht 200 million for the 1st quarter and Baht 180.20 million for the 3rd quarter with the interest rate of 6.75 percent and 6.5 percent per annum respectively. In this regard, such issuance and offering of debentures caused from the objective to prepare the source of fund for the business expansion in the future.

3. Profit for the period

Unit: Million Baht

Information of period	Consolidated				Separate			
	Value		Change		Value		Value	
	2019	2018	Amount	%	2019	2018	Amount	%
Gross Profit	369.46	378.12	-8.66	-2.29%	368.52	374.55	-6.03	-1.61%
Profit (Owners of the parent)	40.29	33.76	6.53	19.33%	34.75	48.54	-13.79	-28.41%
Profit for the period	39.27	29.05	10.22	35.17%				
Total Comprehensive Income for the Period	35.84	28.63	7.21	25.20%				
Profit ratio for the period to total revenue (%)	3.04%	2.01%						
Total comprehensive income ratio for the period to total revenue (%)	2.78%	1.98%						

In sum, the profit of the year 2019 (Consolidated) for profit (Owners of the parent) was Baht 40.29 million which increasing 19.33 percent from the last year since the Company has shared the profit from the commercial starting of the associated company with solar power plant. In addition, the Company has generated the proportion of net profit to total revenue increasing which equivalent to 3.04 percent when comparing to the last year valued 2 percent that meant the Company could manage the increase of net profit margin better than ever.

Financial Position: Consolidated Financial Statements

1. Total Assets

Unit: Million Baht

Statement of Financial Position	31-Dec-2019		31-Dec-2018		Increased / (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Assets	1,837.49	51.17%	1,872.72	55.15%	-35.24	-1.88%
Non-Current Assets	1,753.49	48.83%	1,522.81	44.85%	230.68	15.15%
Total Assets	3,590.97	100.00%	3,395.53	100.00%	195.44	5.76%

As of December 31, 2019, the Company's total assets was Baht 3,590.97 million, increased by Baht 195.44 million from as of December 31, 2019 from the significant reasons of the increase of inventory and the advance payment for purchase of investment.

2. Total Liabilities and Shareholder's Equity

Unit: Million Baht

Statement of Financial Position	31-Dec-62		31-Dec-61		Increased / (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Liabilities	1,676.02	46.67%	1,181.25	34.79%	494.77	41.89%
Non-Current Liabilities	460.54	12.83%	766.96	22.59%	-306.42	-39.95%
Total Liabilities	2,136.56	59.50%	1,948.21	57.38%	188.35	9.67%
Shareholder's Equity	1,454.41	40.50%	1,447.32	42.62%	7.09	0.49%
Total Liabilities and Shareholder's Equity	3,590.97	100.00%	3,395.53	100.00%	195.44	5.76%

As of December 31, 2019, the Company's total liabilities was Baht 2,136.56 million, increased Baht 188.35 million from as of December 31, 2018 resulted from the increase of the outstanding balance of debentures in the amount of Baht 380.20 million since the 1st quarter of 2019.

Shareholders' Equity as of December 31, 2019 was Baht 1,454.41 million increasing slightly from 1,447.32 million as of December 31, 2018 due to the increase of unappropriated retained earning.

Kindly be informed accordingly,



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Yours sincerely,

East Coast Furnitech Public Company Limited

-Signature-

(Arak Suksawad)

Managing Director