

May 12, 2017

Subject : Management Discussion and Analysis of first quarter in 2017

To : The Director and Manager
The Stock Exchange of Thailand**Analyze of company performance of first quarter in 2017**

Southern Concrete Pile Public Company Limited (the company hereafter) performance in the first quarter of 2017 compared to the first quarter of the previous year was as follows:

Overall performance

The company has been awarded the several major projects. However, these projects were unable to kick off the work at the job sites. These led to the company's revenue in the first quarter fell to 359.271 million Baht, which of sales and service revenue 355.955 million Baht and other income 3.316 million Baht.

The costs of goods sold of sale and services was 249.363 million Baht. The selling and administrative expense was 50.764 million Baht. Therefore, the company's gross profit reduced to 106.592 million Baht and net profit of 48.186 million Baht.

Thousand Baht	YEAR				YoY	
	Q1/2017	%	Q1/2016	%	+ / -	%
Revenue						
Revenue from sales	276,376	77.64%	298,713	73.55%	(22,337)	(7.48%)
Revenue from rendering of services	79,579	22.36%	107,431	26.45%	(27,852)	(25.93%)
Total Revenue	355,955	99.08%	406,144	98.26%	(50,189)	(12.36%)
Other income	3,316	0.92%	7,205	1.74%	(3,889)	(53.98%)
Total Revenue	359,271	100.00%	413,349	100.00%	(54,078)	(13.08%)
Cost						
Cost of sales	183,429	66.37%	197,689	66.18%		0.19%
Cost of services	65,934	82.85%	74,100	68.97%		13.88%
Total Cost of sales and rendering of services	249,363	70.05%	271,789	66.92%		3.13%
Gross Profit	106,592	29.95%	134,355	33.08%		(3.13%)
Selling and administrative expenses	50,764	14.13%	45,190	10.93%		3.20%
Profit before interest & tax	59,144	16.46%	96,370	23.31%		(6.85%)
Finance costs	1,093	0.30%	844	0.20%		0.10%
Income tax	9,865	2.75%	18,028	4.36%		
Net profit for the period	48,186	13.41%	77,498	18.75%		
EBITDA	69,262		108,035			
Basic earnings per share (Baht)	0.16		0.26			

Total income of first quarter in 2017

From the mentioned reason, the company had the total income of 359.271 million Baht reduced by 13.08% YoY. The total income consisted of income from sales of 276.376 million Baht, reduced by 7.48% YoY, income from service of 79.579 million Baht, reduced by 25.93% YoY and other incomes of 3.316 million Baht, reduced by 53.98% YoY. The other incomes consisted of bad debt recovery of 0.318 million Baht, interest income of 2.086 million Baht and others 0.912 million Baht. Some major projects the company has been awarded are:

- Blupearl Mall Phuket
- Bangkok – Karnchanaburi Motorway
- Flood Mitigation Project in Hat Yai
- Community Development in Muang, Phuket
- Bangpa In – Saraburi – Nakorn Ratchasima Motorway (Section 6)
- Unio Seri Thai and Sukhumvit 10 Condominium Projects
- Dynamic (Thailand) Co., Ltd. Project
- Tesco Lotus Department Store, Kuchinarai, Kalasin
- Dhamma Pagoda Museum, Luang Ta Maha Bua
- Electricity Station, Khon Kaen
- Suvarnabhumi Airport etc.

Cost and Expenses

The total cost of goods sold and services to the income of the first quarter 2017 has increased by 3.13% YoY to 70.05%. The cost of goods sold in sales had slightly increased by 0.19% YoY. The cost of goods sold in service had increased by 13.88% YoY. This led to the gross profit percentage reduced by 3.13% YoY to 29.95%.

The selling and administrative expenses in 2017 and 2016 increased by 14.13% YoY and 10.93% YoY respectively.

Profit

According to the above performance, the company had the net profit (after deduction of income tax) of 48.186 million Baht (net profit to revenue percentage reduced by 5.34% YoY), earnings per share of 0.26 Baht, EBITDA of 69.262 million Baht and retained earnings had increased to 1,383.629 million Baht.

Statements of Financial Position

As of 31 March 2017, the company had the total asset of 2,191.269 million Baht increased by 109.757 million Baht partly from the available for-sale-investment of 100.229 million Baht, merchandise inventory of 56.035 million Baht and fixed assets of 21.482 million Baht. The merchandise inventory was higher from the raw material stocks especially steels for the awarded project uses. The fixed asset was higher from the machine addition and improvement and the addition of spun pile production line which to be complete in 2017.

The total liabilities increased by 75.503 million Baht to 449.142 million Baht. This was mainly from the trade account payable of 72.753 million Baht from the stocking up the raw materials and income tax payable of 11.481 million Baht.

Statements of Cash Flows

As of 31 March 2017, the company had cash and cash equivalents increased to 277.270 million Baht from 215.582 million Baht. This was from the cash from operation of 104.619 million Baht, the investment in investing activities of 39.669 million Baht and investment in financing activities of 4.383 million Baht. The net cash increased due to cash receipt from selling off the available for-sale-investment of 70.664 million Baht

Financial Ratios

Financial Ratios	Q1/2017	Q1/2016
Current Ratio (times)	2.98	3.36
Cash Cycle (Day)	54.19	39.03
Return on Equity (%)	2.77	4.79
Return on Assets (%)	2.20	3.80
Debt to Equity (times)	0.26	0.26

From the above ratio, the company still has a good ability to pay its short-term debt. The ROE, ROA and D/E ratio considered in the comfort zone compared to the other companies in the same industry.

Yours Sincerely,

(Ms.Arune Nganthavee)

Managing Director