

August 11, 2017

Subject : Management Discussion and Analysis of quarter 2/2017 and first half of 2017

To : The Director and Manager  
The Stock Exchange of Thailand**Analyze of company's performance of quarter 2/2017 and first half of 2017**

Southern Concrete Pile Public Company Limited (the company hereafter) reports the company's performance in the 2/2017 quarter YoY and the first half of 2016 YoY as follows:

Thousand Baht	Q2/2017	%	Q2/2016	%	YoY (%)	first half /2017	%	first half /2016	%	YoY (%)
Revenue from sales	280,488	76.70%	271,281	73.31%	3.39%	556,864	77.16%	569,994	73.43%	(2.30%)
Revenue from rendering of services	85,224	23.30%	98,772	26.69%	(13.72%)	164,803	22.84%	206,203	26.57%	(20.08%)
Total Revenue	365,712	99.08%	370,053	97.86%	(1.17%)	721,667	99.08%	776,197	98.07%	(7.03%)
Other income	3,393	0.92%	8,087	2.14%	(58.04%)	6,709	0.92%	15,292	1.93%	(56.13%)
Total Revenue	369,105	100.00%	378,140	100.00%	(2.39%)	728,376	100.00%	791,489	100.00%	(7.97%)
Cost of sales	186,449	66.47%	176,563	65.08%	1.39%	369,878	66.42%	374,252	65.66%	0.76%
Cost of services	66,924	78.53%	85,529	86.59%	(8.06%)	132,858	80.62%	159,629	77.41%	3.21%
Total Cost of sales and rendering of services	253,373	69.28%	262,092	70.83%	(1.55%)	502,736	69.66%	533,881	68.78%	0.88%
Gross Profit	112,339	30.72%	107,961	29.17%	1.55%	218,931	30.34%	242,316	31.22%	(0.88%)
Selling and administrative expenses	45,300	12.27%	47,921	12.67%	(0.40%)	96,064	13.19%	93,111	11.76%	1.43%
EBIT	70,432	19.08%	68,127	18.02%	1.06%	129,576	17.79%	164,497	20.78%	(2.99%)
Finance costs	934	0.25%	1,350	0.36%	(0.11%)	2,027	0.28%	2,194	0.28%	0.00%
Income tax	15,174	4.11%	13,253	3.50%		25,039	3.44%	31,281	3.95%	
Net profit for the period	54,324	14.72%	53,524	14.15%		102,510	14.07%	131,022	16.55%	
EBITDA	80,905		79,692			150,167		187,727		
Basic earnings per share (Baht)	0.18		0.18			0.34		0.44		

**Overall performance**

The overall Thai economy is gradually picking up. This is mainly from the government's major project investment and partly the private sector. These affected the company's performance as follows;

**Second quarter of 2017**

- Revenue of 369.105 million Baht, decreased by 2.39% YoY
- Cost of goods sold and service 253.373 million Baht, decreased by 1.55% YoY (compared by percentage to revenue)
- Selling and administrative expenses 45.300 million Baht, decreased by 0.40% YoY

- Gross profit and net profit increased to 112.339 million Baht and 54.324 million Baht or 30.72% and 14.72% respectively
- Profit per share is stable at 0.18 Baht
- EBITDA increased to 80.905 million Baht

#### First half of 2017

- Revenue of 728.376 million Baht, decreased by 7.97% YoY
- Cost of goods sold and service 502.736 million Baht, increased by 0.88% YoY (compared by percentage to revenue)
- Selling and administrative expenses 96.064 million Baht, increased by 1.43% YoY
- Gross profit and net profit decreased to 218.931 million Baht and 102.510 million Baht or decreased by 0.88% and 2.48% respectively
- Profit per share decreased to 0.34 Baht
- EBITDA decreased to 150.167 million Baht

#### Total Revenue

In the second quarter of 2017, the company had the total revenue of 369.105 million Baht, decreased by 2.39% YoY. The amount was accounted of 3 income categories as follows:

1. Sales income of 280.488 million Baht, increased by 3.39% YoY
2. Service income of 85.224 million Baht, decreased by 13.72% YoY
3. Other incomes of 3.393 million Baht, decreased by 58.04% YoY

In the first half of 2017, the company had the total revenue of 728.376 million Baht, decreased by 7.97% YoY. The amount was accounted of 3 income categories as follows:

1. Sales income of 556.864 million Baht, decreased by 2.30% YoY
2. Service income of 164.803 million Baht, decreased by 20.08% YoY
3. Other incomes of 6.709 million Baht, decreased by 56.13% YoY

Other income of 6.709 million Baht was accounted of interest received and dividend from marketable equity securities of 4.971 million Baht, doubtful account received of 0.374 million Baht, and other incomes of 1.364 million Baht.

Here are some of the main projects, which the company is operating in Q3/2017:

- Orange Line Mass Rapid Transport (MRT) Project – Thailand Cultural Center to Minburi
- Bangyai – Karnchanaburi, Bang Pa In – Saraburi – Nakorn Ratchasima Motorway Proejcts
- Bangkok – Karnchanaburi Motorway Project
- Suvarnabhumi Airport Development Project
- Flood Mitigation Projects in Phuket, Trang, Suratthani, and Hat Yai
- Central Lab, Phra Ram II, Bangkok
- Nammee Warehouse Project
- Blupearl Mall Phuket ect.

## **Cost and Expenses**

Cost of goods sold and cost of services in the second quarter of 2017 and the first half of 2017 were 69.28% and 69.66% respectively. This was because the cost of goods sold had slightly decreased from 66.47% to 66.42% respectively. However, the cost of services had increased from 78.53% to 80.62% respectively, due to the continuous drop in selling market price and higher costs in service sector.

Selling and administrative expenses in the second quarter and the first half of 2017 increased to 12.27% and 13.19% respectively.

## **Profit**

In the second quarter of 2017, the company had the gross profit and net profit of 112.339 million Baht and 54.324 million Baht respectively. The profit per share was stable at 0.18 Baht. The gross profit and net profit of the first half of 2017 decreased to 218.931 million Baht and 102.510 million Baht respectively. This led the retained earnings increased to 1,332.953 million Baht, profit per share reduced to 0.34 Baht and EBITDA to 150.167 million Baht.

## **Statements of Financial Position**

In the end of first half of 2017, the company had the total asset of 2,065.526 million Baht, decreased by 15.986 million Baht from decreased in current asset of 179.661 million Baht. The Company has invested in Spun Pile production line at Ban Bueng Plant and the steel as merchandise inventory. For the non-current asset increased by 163.675 million Baht from the fixed assets, machines in expanded production line and machines for service uses.

## **Statements of Cash Flows**

### **Asset**

In the end of first half of 2016, the company had the total asset of 1,972.548 million Baht, increased by 103.792 million Baht from current asset and non-current asset of 57.284 million Baht and 46.508 million Baht respectively. The current asset was mainly consisted of the undue account receivable and merchandise inventory especially the iron stock for production. The non-current asset was increased from the investment in the marketable securities and units trust.

### **Liability**

In the end of first half 2017, the company had the total liability of 373.983 million Baht, increased from the account payable and other undue account payable of 21.160 million Baht.

## **Statements of Cash Flows**

In the end of first half of 2017, the company had cash and cash equivalents decreased from 137.365 million Baht to 94.640 million Baht. The amount was from the net cash from operation 63.259 million Baht, plus the investing activities of 7.583 million Baht and financing activities of 113.567 million Baht (Dividend Payout of 105.000 million Baht).

## Financial Ratios

<b>Financial Ratios</b>	<b>First half of 2017</b>	<b>First half of 2016</b>
Current Ratio (times)	2.56	3.32
Cash Cycle (Day)	79.54	55.08
Return on Equity (%)	6.06	8.44
Return on Assets (%)	4.96	6.64
Debt to Equity (times)	0.22	0.27

Yours Sincerely,

(Ms.Arune Nganthavee)

Managing Director