

November 10, 2017

Subject : Management Discussion and Analysis of quarter 3/2017

To : The Director and Manager  
The Stock Exchange of Thailand**Analysis of company's performance of quarter 3/2017 and as of 30 September (Nine-month period)**

Southern Concrete Pile Public Company Limited (the company hereafter) reports the company's performance in the 3/2017 quarter YoY and as of 30 September 2017 (Nine-Month Period) YoY as follows:

Thousand Baht	Q3/2017	%	Q3/2016	%	YoY (%)	9 month /2017	%	9 month /2016	%	YoY (%)
Revenue from sales	336,469	75.20%	293,040	75.06%	14.82%	893,333	76.41%	863,034	73.98%	3.51%
Revenue from rendering of services	110,937	24.80%	97,362	24.94%	13.94%	275,740	23.59%	303,565	26.02%	(9.17%)
Total Revenue	447,406	98.64%	390,402	97.47%	14.60%	1,169,073	98.91%	1,166,599	97.87%	0.21%
Other income	6,180	1.36%	10,119	2.53%	(38.93%)	12,889	1.09%	25,411	2.13%	(49.28%)
Total Revenue	453,586	100.00%	400,521	100.00%	13.25%	1,181,962	100.00%	1,192,010	100.00%	(0.84%)
Cost of sales	227,600	67.64%	197,396	67.36%	0.28%	597,478	66.88%	571,647	66.24%	0.64%
Cost of services	80,251	72.34%	69,710	71.60%	0.74%	213,109	77.29%	229,340	75.55%	1.74%
Total Cost of sales and rendering of services	307,851	68.81%	267,106	68.42%	0.39%	810,587	69.34%	800,987	68.66%	0.68%
Gross Profit	139,555	31.19%	123,296	31.58%	(0.39%)	358,486	30.66%	365,612	31.34%	(0.68%)
Selling and administrative expenses	45,078	9.94%	45,234	11.29%	(1.35%)	141,142	11.94%	138,345	11.61%	0.33%
EBIT	100,657	22.19%	88,181	22.02%	0.17%	230,233	19.48%	252,678	21.20%	(1.72%)
Finance costs	1,858	0.41%	960	0.24%	0.17%	3,885	0.33%	3,154	0.26%	0.07%
Income tax	17,132	3.78%	18,037	4.50%	(0.72%)	42,171	3.57%	49,318	4.14%	(0.57%)
Net profit for the period	81,667	18.00%	69,184	17.27%	0.73%	184,177	15.58%	200,206	16.80%	(1.22%)
EBITDA	112,300		99,591			262,467		287,318		
Basic earnings per share (Baht)	0.27		0.23			0.61		0.67		

**Overall performance**

The construction sector has picked up in the confined aggregated areas. This is mainly from the government's major project investment and partly the private sector. These affected the company's performance as follows;

Third quarter of 2017

- Revenue of 453.586 million Baht, increased by 13.25% YoY
- Cost of goods sold and service 307.851 million Baht, increased by 0.39% YoY (compared by percentage to revenue)

- Selling and administrative expenses 45.078 million Baht, decreased by 1.35% YoY
- Gross profit margin decreased by 0.39% YoY to 139.555 million Baht or 31.19% whereas net profit margin increased by 0.73% YoY to 81.667 million Baht or 18.00%.
- Profit per share is stable at 0.27 Baht
- EBITDA increased to 112.300 million Baht

As of 30 September 2017

- Revenue of 1,181.962 million Baht, decreased by 0.84% YoY
- Cost of goods sold and service 810.587 million Baht, increased by 0.68% YoY (compared by percentage to revenue)
- Selling and administrative expenses 141.142 million Baht, increased by 0.33% YoY
- Gross profit and net profit margins decreased to 358.486 million Baht and 184.177 million Baht or decreased by 0.68% YoY to 30.66% and by 1.22% to 15.58% respectively.
- Profit per share decreased to 0.61 Baht
- EBITDA decreased to 262.467 million Baht
- Retained earnings increased to 1,414,620 million Baht

### **Total Revenue**

In the third quarter of 2017, the company had the total revenue of 453.586 million Baht, increased by 13.25% YoY. The amount was accounted of 3 income categories as follows:

1. Sales income of 336.469 million Baht, increased by 14.82% YoY
2. Service income of 110.937 million Baht, increased by 13.94% YoY
3. Other incomes of 6.180 million Baht, decreased by 38.93% YoY

As of 30 September 2017, the company had the total revenue of 1,181.962 million Baht, decreased by 0.84% YoY. The amount was accounted of 3 income categories as follows:

1. Sales income of 893.333 million Baht, increased by 3.51% YoY
2. Service income of 275.740 million Baht, decreased by 9.17% YoY
3. Other incomes of 12.889 million Baht, decreased by 49.28% YoY

Here are some of the main continuous projects to be carried to Q4/2017:

- Orange Line Mass Rapid Transport (MRT) Project – Thailand Cultural Center to Minburi
- Bangyai – Karnchanaburi, Bang Pa In – Saraburi – Nakorn Ratchasima Motorway Projects
- Bangkok – Karnchanaburi Intercity Motorway Project
- Blupearl Mall Phuket
- PTTGC ORP Project
- Highway number 2 and Highway number 216 Interchange
- Phara Nakorn Tai Power Station
- Interchange At HWY no.2 & HWY no.216 ( Norther Outer)
- Floodgate, Trang Province, ect.

## **Cost and Expenses**

Cost of goods sold and cost of services in the third quarter of 2017 slightly increased by 0.39% YoY to 68.81% and as of 30 September 2017 numbers increased by 0.68% YoY to 69.34%. The company still maintained the cost control ability.

Selling and administrative expenses in the third quarter decreased from 11.29% to 9.94% and as of 30 September 2017 increased from 11.61% to 11.94% from the bad debt incremental adjustment of 3.009 million Baht.

Income tax in the third quarter and as of 30 September 2017 decreased from 4.50% and 4.14% to 3.78% and 3.57% respectively. This was because the company exercised the tax reduction right on machinery and tools investment.

## **Profit**

In the third quarter of 2017, the company had the gross profit of 139.555 million Baht and net profit of 81.667 million Baht. The profit per share was at 0.27 Baht. These led to the nine-month period as of 30 September 2017, the company had the gross profit and net profit of 358.486 million Baht and 184.777 million Baht respectively. The profit per share decreased to 0.61 Baht and EBITDA decreased to 262.467 million Baht with the retained earnings increased to 1,414.620 million Baht.

## **Statements of Financial Position**

### **Asset**

As of 30 September 2017, the company had the total asset of 2,178.660 million Baht, increased by 97.148 million Baht from increased in current asset of 271.387 million Baht. For the non-current asset of 174.239 million Baht was consisted of the increment of short-term fixed deposit and investment (not more than 1 year) of 187.513 million Baht, account receivable of 45.337 million Baht, merchandise stock of 44.481 million Baht whereas the non-current asset was lessened from available for sales security due to the current value adjustment of 281.148 million Baht and the fixed asset increment of 99.205 million Baht.

### **Liability**

As of 30 September 2017, the company had the total liability of 412.833 million Baht, increased from the account payable and other undue account payable of 67.700 million Baht.

## **Statements of Cash Flows**

As of 30 September 2017, the company had cash and cash equivalents increased from 167.075 million Baht to 211.448 million Baht. The amount was from the net cash from operation 171.844 million Baht, plus the investing activities of 19.713 million Baht and deducted the net financing activities of 117.474 million Baht. These led to the net cash increased by 74.083 million Baht.

The net cash gain from investment activities of 19.713 million Baht was from the cash received from selling available for sale securities of 446.281 million Baht, the interest and dividend gains of 5.548 million Baht, short-term fixed deposit and investment (not more than 1 year) of 300.671 million Baht, and cash payout for assets 131.445 million Baht. For the financing activities, the cash was paid out 117.474 million Baht consisted of 2016 dividend payout of 105 million Baht, financial lease 11.154 million Baht and interest paid 1.320 million Baht.

## Financial Ratios

<b>Financial Ratios</b>	<b>9 month period 2017</b>	<b>9 month period 2016</b>
Current Ratio (times)	4.07	3.75
Cash Cycle (Day)	63.82	49.62
Return on Equity (%)	10.43	12.47
Return on Assets (%)	8.45	10.06
Debt to Equity (times)	0.23	0.24

Yours Sincerely,

(Ms.Arunee Nganthavee)

Managing Director