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TMT-CP 006/2018

February 19, 2018

Subject : Management Discussion and Analysis for the year 2017

To : President

The Stock Exchange of Thailand

The Board of Directors' Meeting of Thai Metal Trade Public Company Limited ("the Company") No. 1/2018 held on February 19, 2018 approved the financial statements for the year ended December 31, 2017. The Company's net profit was Baht 641.04 million, decreased by 29.47% compared to 2016. Major changes in operating results can be explained as follows;

1. Revenue from sales was Baht 14,320 million, increased by 14.88% compared with 2016. This increase resulted from increasing of sales quantity by 4.58% from gaining market share in many market segments. Average selling price increased by 9.59% compared to the previous year from continuous increase of domestic and global steel price, resulted from China's production reduction policy, and investment projects from the government and private sectors supported the market share expansion.
2. Gross profit Margin decreased to 8.97% compared to 12.71% in 2016. This decreasing of gross profit margin resulted from faster increase of selling price in 2016 than the cost of goods sold, which was resulted from China's capacity reduction, some shortage of goods in the market in the earlier 2016 and additional Anti-Dumping measures. In 2017, the selling prices have continuously increased, however, due to high market competition effected from the decreasing in domestic steel consumption; the selling price has risen slower than the cost of goods sold resulted a lower gross profit margin than the previous year.
3. Selling expenses increased Baht 12.68 million or 8.33% compared to the previous year. This increasing of selling expenses resulted from an increase of transportation expense which was due to the sales volume and advertising and public relation expense. An administrative expense increased Baht 17.73 million or 5.82% compared with 2016, resulted mainly from an increasing of staff and consultant expenses.
4. Interest expenses increased Baht 15.69 million or 32.43% compared to 2016, resulted from the increase of short-term loans according to business expansion of the Company.

Please be informed accordingly.

Yours sincerely,

*-Signed-*

(Mr. Paisal Tarasansombat)

Chief Executive Officer