

February 22, 2018

The Managing Director

The Stock Exchange of Thailand

Subject : Management Discussion and Analysis Ending 31 December 2017

Summary of operating result between 2017 and 2016

Unit: Million Baht

	2017	2016
Sales	7,695.85	6,910.87
Cost of Sales	6,837.23	6,316.97
Gross Margin	858.62	593.90
Gain on exchange rates	105.44	27.75
Gain (loss) on machineries	(0.08)	33.55
Other Incomes	78.14	60.33
Total Revenues	7,879.44	7,032.50
Selling & Administrative Expense	507.94	499.86
Finance Costs	90.76	94.42
Net Profit	443.44	121.25
Earnings per share (Baht)	1.11	0.30

The company would like to explain the causes of changes as follows:

1. Sales Revenue increased by 784.98 million baht or 11.36% from 6,910.87 million baht in 2016 to 7,695.85 million baht in 2017. The Sales Revenue increased due to the fact that the company could offer more product variety to serve demands of both local and foreign customers which leads to higher sales quantity. Sales price also increased compared to last year's which, in turn, leads to an increase in Sales Revenue.
2. Sales cost to revenue ratio decreased by 2.57% (from 91.41% to 88.84%) because the company had a better control of production costs as well as production efficiency. In addition, production capacity utilization was also enhanced compared with last year.
3. Other incomes increased by 17.81 million bath, mainly coming from sales of scrap materials and tax cards income.
4. Profit from foreign exchanges increased by 77.69 million baht (from 27.75 million baht in 2016 to 105.44 million baht in 2017) due to forward foreign currency exchange contracts that the company utilized in order to mitigate the risks of foreign exchange rate fluctuation.
5. Sales and administrative expenses increased by 8.08 million baht (from 499.86 million baht to 507.94 million baht) due to an increase of sales expenses in proportion to the extra sales volume. Financial expenses including interest and bank fees also decreased by 3.66 million baht as the company continuously paid back the loans.

6. The performances increased by 322.19 million baht or 265.72% (from 121.25 million baht in 2016 to 443.44 million baht in 2017) as a foresaid.

Yours Sincerely,

Kittiphat Suthisamphat  
Executive Vice President