

BKK.MD. 015/2018

Head Office

May 14, 2018

Subject : Management Discussion and Analysis of first quarter in 2018

To : The Director and Manager  
The Stock Exchange of Thailand

**Analyze of company performance of first quarter in 2018**

Southern Concrete Pile Public Company Limited (the company hereafter) performance in the first quarter of 2018 compared to the first quarter of the previous year was as follows:

**Overall performance**

The company's revenue in the first quarter increased to 459,441 million Baht, which of sales and service revenue 450,649 million Baht and other income 8,792 million Baht. These were mainly from the major projects that the company was awarded.

The costs of goods sold of sale and services was 318,673 million Baht. The selling and administrative expense was 47,006 million Baht. Therefore, the company's gross profit increased to 131,976 million Baht and net profit of 75,055 million Baht and earnings per share of 0.25 Baht.

Thousand Baht		YEAR				YoY	
		Q1/2018	%	Q1/2017	%	+ / -	%
Revenue	Revenue from sales	338,292	75.07%	276,376	77.64%	61,916	22.40%
	Revenue from rendering of services	112,357	24.93%	79,579	22.36%	32,778	41.19%
	Total Revenue	450,649	98.09%	355,955	99.08%	94,694	26.60%
Other income		8,792	1.91%	3,316	0.92%	5,476	165.14%
	Total Revenue	459,441	100.00%	359,271	100.00%	100,170	27.88%
Cost	Cost of sales	240,736	71.16%	183,429	66.37%		4.79%
	Cost of services	77,937	69.37%	65,934	82.85%		(13.48%)
	Total Cost of sales and rendering of services	318,673	70.71%	249,363	70.05%		0.66%
	Gross Profit	131,976	29.29%	106,592	29.95%		(0.66%)
Selling and administrative expenses		47,006	10.23%	50,764	14.13%		(3.90%)
	Profit before interest & tax	93,762	20.41%	59,144	16.46%		3.95%
Finance costs		732	0.16%	1,093	0.30%		(0.14%)
Income tax		17,975	3.91%	9,865	2.75%		
	Net profit for the period	75,055	16.34%	48,186	13.41%		
	EBITDA	109,385		69,262			
	Basic earnings per share (Baht)	0.25		0.16			

### **Total income of first quarter in 2018**

From the mentioned reason, the company had the total income of 459.441 million Baht increased by 27.88% YoY. The total income consisted of income from sales of 338.292 million Baht, increased by 22.40% YoY, income from service of 112.357 million Baht, increased by 41.19% YoY and other incomes of 8.792 million Baht, increased by 165.14% YoY. The other incomes consisted of Reversal of allowance for doubtful accounts of 1.878 million Baht, interest income of 2.372 million Baht, disposal of equipment of 2.764 million Baht and others 1.779 million Baht. Some major projects the company has been awarded are:

- Blupearl Mall Phuket
- Orange Line MRT – Thailand Cultural Centre to Minburi (Contract 5)
- Bangkok – Karnchanaburi Motorway
- Bangpa In – Saraburi – Nakorn Ratchasima Motorway (Section 6)
- Fashion Island Car Park Building
- Home Pro Charansanitwong
- Mega Bangna
- The Olarn Project
- PTTGC ORP
- Holiday Inn Vana Nava Phuket
- 115KV Electricity Ranong
- Mitrphol Storage, Udonthani
- Interchang At HWY.No2 & HWY No.216 (Norther Outer) ect.

### **Cost and Expenses**

The total cost of goods sold and services to the income of the first quarter 2018 has increased by 0.66% YoY to 70.71%. The cost of goods sold in sales had slightly increased by 4.79% YoY, mainly from competitive market which led to lower sale prices. The cost of goods sold in service had decreased by 13.48% YoY. This was mainly from higher service income by 41.19%. These led to the gross profit percentage decreased by 0.66% YoY to 29.29%.

The selling and administrative expenses in 2018 was reduced by 3.90% YoY to 10.23%.

### **Profit**

According to the above performance, the company had the net profit (after deduction of income tax) of 75.055 million Baht or 16.34% of revenue (net profit to revenue percentage increased by 2.93% YoY), earnings per share of 0.25 Baht, EBITDA of 109.385 million Baht and retained earnings had increased to 1,537.487 million Baht.

### Statements of Financial Position

As of 31 March 2018, the company had the total asset of 2,345.573 million Baht increased by 174.323 million Baht partly from the available for-sale-investment of 100.000 million Baht, merchandise inventory of 47.264 million Baht and fixed assets of 21.999 million Baht. The high merchandise inventory level was due to 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 to 95.816 million Baht to 467.560 million Baht. This was mainly from the trade account payable and other current liabilities of 85.656 million Baht from the stocking up the raw materials and income tax payable of 16.978 million Baht and finance lease liabilities of 8.153 million Baht

### Statements of Cash Flows

As of 31 March 2018, the company had cash and cash equivalents decreased to 216.559 million Baht from 277.270 million Baht. This was from the cash from operation of 139.205 million Baht, the investment in investing activities of 117.322 million Baht and investment in financing activities of 8.474 million Baht. The net cash as of 1 January 2018 was 203.120 million Baht. The reduced in the net cash was from the available for-sale-investment of 100.000 million Baht and fixed asset investment of 21.999 million Baht.

### Financial Ratios

Financial Ratios	Q1/2018	Q1/2017
Current Ratio (times)	3.95	2.98
Cash Cycle (Day)	94.90	94.55
Return on Equity (%)	4.00	2.77
Return on Assets (%)	3.32	2.26
Debt to Equity (times)	0.25	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 good condition compared to the other companies in the same industry.

Yours Sincerely,

(Ms.Arune Nganthavee)

Managing Director