

November 9, 2018

Subject : Management Discussion and Analysis of quarter 3/2018

To : The Director and Manager
The Stock Exchange of Thailand**Analysis of company's performance of quarter 3/2018 and as of 30 September (Nine-month period)**

Southern Concrete Pile Public Company Limited (the company hereafter) reports the company's performance in the 3/2018 quarter YoY and as of 30 September 2018 (Nine-Month Period) YoY as follows:

Thousand Baht	Q3/2018	%	Q3/2017	%	YoY (%)	9 month /2018	%	9 month /2017	%	YoY (%)
Revenue from sales	423,303	74.76%	336,469	75.20%	25.81%	1,176,851	75.66%	893,333	76.41%	31.74%
Revenue from rendering of services	142,908	25.24%	110,937	24.80%	28.82%	378,637	24.34%	275,740	23.59%	37.32%
Total Revenue	566,211	99.36%	447,406	98.64%	26.55%	1,555,488	98.75%	1,169,073	98.91%	33.05%
Other income	3,619	0.64%	6,180	1.36%	(41.44%)	19,704	1.25%	12,889	1.09%	52.87%
Total Revenue	569,830	100.00%	453,586	100.00%	25.63%	1,575,192	100.00%	1,181,962	100.00%	33.27%
Cost of sales	298,378	70.49%	227,600	67.64%	2.85%	832,592	70.75%	597,478	66.88%	3.87%
Cost of services	109,010	76.28%	80,251	72.34%	3.94%	281,722	74.40%	213,109	77.29%	(2.89%)
Total Cost of sales and rendering of services	407,388	71.95%	307,851	68.81%	3.14%	1,114,314	71.64%	810,587	69.34%	2.30%
Gross Profit	158,823	28.05%	139,555	31.19%	(3.14%)	441,174	28.36%	358,486	30.66%	(2.30%)
Selling and administrative expenses	43,662	7.66%	45,078	9.94%	(2.28%)	141,014	8.95%	141,142	11.94%	(2.99%)
EBIT	118,780	20.84%	100,657	22.19%	(1.35%)	319,864	20.31%	230,233	19.48%	0.83%
Finance costs	1,002	0.18%	1,858	0.41%	(0.23%)	2,396	0.15%	3,885	0.33%	(0.18%)
Income tax	23,609	4.14%	17,132	3.78%	0.36%	61,220	3.89%	42,171	3.57%	0.32%
Net profit for the period	94,169	16.53%	81,667	18.00%	(1.47%)	256,248	16.27%	184,177	15.58%	0.69%
EBITDA	135,521		112,300			368,080		262,467		
Basic earnings per share (Baht)	0.31		0.27			0.85		0.61		

Overall performance

The real estate sector and construction projects expanded in both public and private sectors. These affected the company's performance as follows;

Third quarter of 2018

- Revenue of 569.830 million Baht, increased 25.63% YoY
- Cost of goods sold and service 407.388 million Baht, increased by 3.14% YoY (compared by percentage to revenue)
- Selling and administrative expenses 43.662 million Baht, decreased by 2.28% YoY
- Gross profit margin increased to 158.823 million Baht or 28.05% of revenue (decreased by 3.14% YoY) whereas net profit margin increased to 94.169 million Baht or 16.53% (decreased by 1.47% YoY).
- Other income of 3.619 million Baht
- Profit per share increased to 0.31 Baht
- EBITDA increased to 135.521 million Baht

As of 30 September 2018

- Revenue of 1,575.192 million Baht, increased 33.27% YoY
- Cost of goods sold and service 1,114.314 million Baht, increased 2.30% YoY (compared by percentage to revenue)
- Selling and administrative expenses 141.014 million Baht, decreased by 2.99% YoY
- Gross profit margin increased to 441.174 million Baht or 28.26% of revenue (decreased by 2.30% YoY) whereas net profit margin increased to 256.248 million Baht or 16.27% (increased by 0.69% YoY).
- Profit per share decreased to 0.85 Baht
- EBITDA decreased to 368.080 million Baht
- Retained earnings increased to 1,598.680 million Baht

Total Revenue

In the third quarter of 2018, the company had the total revenue of 569.830 million Baht, increased by 25.63% YoY. The amount was accounted of 3 income categories as follows:

1. Sales income of 423.303 million Baht, increased by 25.81% YoY
2. Service income of 142.908 million Baht, increased by 28.82% YoY
3. Other incomes of 3.619 million Baht, decreased by 41.44% YoY (From interest received, doubtful accounts recovery, and gain from disposal of equipment etc.)

As of 30 September 2018, the company had the total revenue of 1,575.192 million Baht, increased by 33.27% YoY. The amount was accounted of 3 income categories as follows:

1. Sales income of 1,176.851 million Baht, increased by 31.74% YoY
2. Service income of 378.637 million Baht, increased by 37.32% YoY
3. Other incomes of 19.704 million Baht, increased by 52.87% YoY (From the interest received, doubtful accounts recovery, dividend, and gain from disposal of equipment etc.)

Here are some of the main continuous projects to be carried to Q4/2018:

- Yellow Line Mass Rapid Transport (MRT) Project
- Orange Line Mass Rapid Transport (MRT) Project – Thailand Cultural Center to Minburi
- Holiday Inn Vana Nava Phuket
- Lomligor Project, Nakorn Si Thammarat
- Bangyai – Karnchanaburi, Bang Pa In – Saraburi – Nakorn Ratchasima Motorway Projects*
- Bangkok – Karnchanaburi Intercity Motorway Project *
- Blupearl Mall Phuket*
- Shore Protection Dam, Hat Yai, Songkhla
- Shore Protection Dam, Pattalung
- Flood Mitigation Project, Phase 2, Hat Yai
- D-189 Olefins Reconfiguration Project
- Angsana Beach Front Residence- Laguna Project
- Aspire Onnut 21 etc.

*Note: *Projects are pending due to land expropriation process*

Cost and Expenses

Cost of goods sold and cost of services in the third quarter of 2018 increased by 3.14% YoY to 71.95% and as of 30 September 2018 numbers increased by 2.30% YoY to 71.64%. The increase was mainly from the depreciation cost in the new spun pile production line in Chonburi plant. However, the company still maintains the ability to manage other costs.

Selling and administrative expenses in the third quarter decreased from 9.94% to 7.66% and as of 30 September 2018 decreased from 11.94% to 8.95%. The company had not set the doubtful accounts in this quarter because the trade accounts receivable had the ability to pay the company.

Profit

In the third quarter of 2018, the company had the gross profit of 158.823 million Baht and net profit of 94.169 million Baht. The profit per share was at 0.31 Baht. These led to the nine-month period as of 30 September 2018, the company had the gross profit and net profit of 441.174 million Baht and 256.248 million Baht respectively. The profit per share increased to 0.85 Baht and EBITDA increased to 368.080 million Baht with the retained earnings increased to 1,598.680 million Baht.

Statements of Financial Position

Asset

As of 30 September 2018, the company had the total asset of 2,374.447 million Baht, increased by 203.197 million Baht from increased in current asset of 182.123 million Baht and non-current asset of 21.074 million Baht. The current asset was increased from the trade account receivable of 153.701 million Baht and inventories of 29.450 million Baht. The trade account receivable increased in the within credit terms by 105.724 million Baht. For the non-current asset had increased in available for sales investments due to the current value adjustment by 17.842 million Baht and the fixed asset increment by 16.729 million Baht.

Liability

As of 30 September 2018, the company had the total liability of 440.419 million Baht, increased from the trade account payable and other current account payables of 87.421 million Baht.

Statements of Cash Flows

As of 30 September 2018, the company had cash and cash equivalents decreased from 211.448 million Baht to 161.946 million Baht. The amount was from the net cash from operation 179.032 million Baht, deducted the investing activities of 82.179 million Baht and deducted the net financing activities of 138.027 million Baht. These led to the net cash decreased by 41.174 million Baht.

The net cash used in investment activities of 82.179 million Baht was the cash used to buy temporary investment of 195.000 million Baht and available for sale investments of 20.000 million Baht. The cash was gained from disposal current investments of 180.736 million Baht, the interest, dividend and selling components gains of 12.587 million Baht, and the cash used in purchase of property, plant and equipment of 60.502 million Baht. For the financing activities, the cash was paid out 138.027 million Baht consisted of 2017 dividend payout of 120.000 million Baht, financial lease payment 17.160 million Baht and interest paid 0.867 million Baht.

Financial Ratios

Financial Ratios	9 month period 2018	9 month period 2017
Current Ratio (times)	4.26	4.07
Cash Cycle (Day)	92.95	63.82
Return on Equity (%)	13.25	10.43
Return on Assets (%)	11.27	8.45
Debt to Equity (times)	0.23	0.23

Yours Sincerely,

(Ms.Arune Nganthavee)

Managing Director