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TMT-CP 006/2019

February 15, 2019

Subject : Management Discussion and Analysis for the year 2018

To : President

The Stock Exchange of Thailand

The Board of Directors' Meeting of Thai Metal Trade Public Company Limited ("the Company") No. 1/2019 held on February 15, 2019 approved the financial statements for the year ended December 31, 2018. The Company's net profit was Baht 405.88 million, decreased by 36.68% compared to 2017. Major changes in operating results can be explained as follows;

1. Revenue from sales was Baht 17,369.99 million, increased by 21.30% compared with 2017. This increase resulted from increasing of sales quantity by 11.47% from gaining market share in many market segments. Average selling price increased by 8.65% compared to the previous year from continuous increase of domestic and global steel price, resulted from China's production reduction according to excess supply control policy, and infrastructure investment projects from the government and private sectors supported the market share expansion.
2. Gross profit Margin decreased to 6.01% compared to 8.97% in 2017. This decreasing of gross profit margin resulted from cost push as the increasing of global material price which was resulted from China's capacity reduction. Nevertheless, the intense market competition due to decreasing in domestic steel consumption, resulted the selling price moved slower than the cost price which effected a lower gross profit margin than the previous year.
3. Selling expenses increased Baht 29.01 million or 17.58% compared to the previous year. This increasing of selling expenses resulted from an increase of transportation expense and sales promotions expense which was due to the sales volume. An administrative expense increased Baht 17.27 million or 5.36% compared with 2017, resulted from an increasing of other administrative expenses; such as insurance, office and security expenses as the expansion of business; allowance for doubtful debt and depreciation.
4. Interest expenses increased Baht 38.59 million or 60.23% compared to 2017, resulted from long-term debenture which was just issued in 2018 and 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