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LWH/ACC/16/05/LT033

May 16, 2016

Subject : Management discussion and analysis for the three month period ended March 31, 2016

To Director and Manager of the Stock Exchange of Thailand

Referring to the submission of the reviewed financial statements for quarter 1/2016 of Wiik & Hoeglund Public Company Limited “the Company”, the management would like to discuss and analyse of the financial statements for the period three month ended March 31, 2016 as follows;

Operating results in the past 3 months

	Jan-Mar 2014	Jan-Mar 2015	Changed (%)	Jan-Mar 2016	Changed (%)
1. Production volume (Ton)	3,637.23	3,302.88	(9.19)	4,912.07	48.72
2. Back log (Ton)	5,193.66	7,735.41	48.94	7,104.25	(8.16)
• W-HQ Pipe	4,578.45	7,650.40	67.10	6,739.77	(11.90)
• Weholite	612.28	84.53	(86.19)	356.29	321.50
• Others	2.93	0.48	(83.62)	8.18	1604.17
3. Sale volume (Ton)	2,934.29	3,234.17	10.22	3,804.03	17.62
4. Total revenues (million Baht)	231.26	262.43	13.48	297.60	13.40
4.1 Sale and service income (million Baht)					
• Domestic	214.18	181.97	(15.04)	222.44	22.24
• Export	13.61	70.41	417.34	68.35	(2.93)
4.2 Other income	3.47	10.05	189.63	6.81	(32.24)
5. Net profit (loss) (million Baht)	(12.67)	12.92	(201.97)	31.04	140.25

The Company’s operating results had the continuous growth. Comparative to the past 3 year in the same period, total income increased 28.69% from the quarter 1/2014 and 13.40% from the quarter 1/2015. Same as the net profit, in the quarter 1/2015 the Company could recover from the net loss 12.67 million Baht in the quarter 1/2014 to the net profit 12.92



million Baht. And in the quarter 1/2016 the company had the net profit 31.04 million Baht which growth 140.25% from the quarter 1/2015.

The Company is expecting that the net profit will be continuous growth from the volume of backlog and new order during the year, including the investment of the new machine and improvement of the machine capacity to support the sale volume.

Analysis of the operating results of WIJK

Summarized of the Statement of income

Unit : million Baht	Jan-Mar 2014	Jan-Mar 2015	Changed (%)	Jan-Mar 2016	Changed (%)
Sales	197.60	245.62	24.30	279.45	13.77
Service income	30.19	6.76	(77.61)	11.34	67.75
Other income	3.47	10.05	189.63	6.81	(32.24)
Total revenues	231.26	262.43	13.48	297.60	13.40
Cost of sales and services	211.46	212.01	0.26	231.09	9.00
Selling and administrative expenses	27.66	34.48	24.66	31.27	(9.31)
Finance cost	4.07	3.40	(16.46)	4.16	22.35
Income tax (expenses) income	(0.74)	0.38	(151.35)	(0.04)	(110.53)
Profit (loss) for the period	(12.67)	12.92	(201.97)	31.04	140.25

The operating results of the Company and its subsidiary had changed over 20%, in the quarter 1/2016 the Company had net profit amount of 31.04 million Baht compared to 12.92 million Baht in quarter 1/2015. The Company had increased the profit amount of 18.12 million Baht or 140.25% due to the major reasons as follows;

1. Sales and service revenues in the quarter 1/2016 increased from the quarter 1/2015 by 38.42 million Baht or 15.21% from the result of;

1.1 Domestic sales and services revenue increased by 40.47 million Baht or 22.24%

1.2 Export sales and services revenue decreased by 2.05 million Baht or 2.92%

2. Other income for the quarter 1/2016 decreased in the amount of 3.24 million Baht. The major decreasing came from last year the Company arranged and delivered the goods through the customer's destination and charged delivery income but this year the Company delivered to the pier and the customer delivered to their destination by themselves.



3. Cost of goods sold and services for the quarter 01/2016 and quarter 01/2015 were 79.47 percent and 84.01 percent of sales and services revenue respectively. It decreased from the same period last year 4.54 percent or amount of 19.08 million Baht which major reason came from the decreasing in the market price of major raw material and the increasing of back log so the Company can decrease the conversion cost per unit.

4. Selling expenses for the quarter 1/2016 decreased in amount of 3.37 million Baht or percentage of 16.17 by the major reason as follows;

4.1 Transportation expenses decreased in amount of 4.49 million Baht, decrease from export expense as described in no. 2 and the distance of domestic delivery is closer.

4.2 Weholite royalty fee increased in amount of 1.29 million Baht because the selling Company share of Uponor and restructuring the compensation from Management Fee (which was classified as administrative expenses) to be royalty fee.

5. Administrative expenses for the quarter 1/2016 increased in amount of 0.15 million Baht or percentage of 1.08 by the reason as follows;

5.1 Employee benefits expense increased in amount of 0.65 million Baht, increase from staff to support the increase sales volumes.

5.2 In quarter 1/2016, there was allowance for doubtful account amount of 0.85 million Baht however in the same period last year there was no such transaction.

5.3 Cancellation of the technical assistance and management agreement in February 2015 lead to reduce in this expenses amount of 1.42 million Baht and entered to Weholite licensing and royalty fee as no. 4.2 instead.

6. Finance cost in the quarter 1/2016 increased from the same period last year in amount of 0.76 million Baht, because during the quarter 1/2016 the Company had average outstanding loan amount of 282 million Baht while in quarter 1/2015, the Company had average outstanding loan amount of 239 million Baht. This led to increasing in interest expenses.

7. Tax expense for the quarter 1/2016 increased from the same period last year amount of 0.42 million Baht which was deferred expense tax according to Thai Accounting Standard No.12.

Yours Truly,
WIJK & HOEGLUND PUBLIC CO., LTD.

Mr. Wiboon Sangwithayanon
Chief Executive Officer