



บริษัท บางกอกชีทเมทัล จำกัด (มหาชน)

149 หมู่ 6 ถ.สุขสวัสดิ์ ต.บางจาก อ.พระประแดง จ.สมุทรปราการ 10130

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No. BM.2016/05

August 11, 2016

Subject: Management Discussion and Analysis for the three-month period ended 30 June 2016

To: The President
The Stock Exchange of Thailand

Bangkok Sheet Metal Public Company Limited ("the Company") would like to clarify the operating result as of the financial statements for the three-month period ended 30 June 2016 (Quarter 2/2016) as follows:

Statement of Comprehensive Income for the three-month period and six-month period ended 30 June 2016

Statement of Comprehensive Income	Three-month period (April-June)				Six-month period (January-June)			
	2016 (Million Baht)	2015 (Million Baht)	Increase (Decrease)		2016 (Million Baht)	2015 (Million Baht)	Increase (Decrease)	
			(Million Baht)	%			(Million Baht)	%
Sales and service income	192.61	184.01	8.60	4.68	382.82	361.91	20.91	5.78
Other income	0.65	1.10	(0.45)	(40.91)	1.19	1.91	(0.72)	(37.70)
Total revenue	193.26	185.11	8.15	4.40	384.01	363.82	20.19	5.55
cost of sales and services	148.30	146.34	1.96	1.34	299.16	301.22	(2.06)	(0.68)
Gross Profit (excluding other income)	44.31	37.67	6.64	17.64	83.66	60.69	22.97	37.85
Selling Expenses	9.41	8.89	0.52	5.90	19.01	17.76	1.25	7.04
Administrative Expenses	21.53	9.82	11.71	119.17	31.28	20.59	10.69	51.92
Profit before finance cost and income tax expenses	14.02	20.04	(6.02)	(30.12)	34.56	24.25	10.31	42.52
Finance cost	1.98	3.16	(1.18)	(37.50)	4.84	6.63	(1.79)	(27.00)
Profit before income tax expenses	12.04	16.90	(4.86)	(28.73)	29.72	17.62	12.10	68.67
Income tax expenses	1.69	3.35	(1.66)	(49.55)	5.92	3.48	2.44	70.11
Profit (Loss) for the period	10.35	13.55	(3.20)	(23.60)	23.80	14.14	9.66	68.32



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Revenue Structure by different product groups

for the three-month period and six-month period ended 30 June 2016

Revenue structure	Three-month period (April-June)				Six-month period (January-June)			
	2016 (Million Baht)	2015 (Million Baht)	Increase (Decrease)		2016 (Million Baht)	2015 (Million Baht)	Increase (Decrease)	
			(Million Baht)	%			(Million Baht)	%
Revenue from sales of product								
1. Metal Trunking and White Conduits	99.31	85.10	14.21	16.70	193.21	170.91	22.30	13.05
2. Communication Racks, Cabinets and Enclosures	27.32	23.92	3.40	14.21	55.83	47.81	8.02	16.77
3. Electrical Switchboards and Lighting Fixtures	8.40	5.76	2.64	45.83	16.49	16.47	0.02	0.12
4. Fabrication and Metal Working	11.77	11.05	0.72	6.52	24.20	28.03	(3.83)	(13.66)
5. Mold & Die Making, Machine Tools and Equipments	1.90	0.03	1.87	6,233.33	5.25	0.03	5.22	17,400.00
6. Sheet Metal Parts, Press Parts, Machine Parts and Assembly Parts	36.87	52.08	(15.21)	(29.21)	75.90	86.51	(10.61)	(12.26)
7. Revenue from trading ^{1/}	5.14	4.69	0.45	9.59	9.83	9.40	0.43	4.57
Revenue from sales of product	190.71	182.63	8.08	4.42	380.71	359.16	21.55	6.00
Revenue from services ^{2/}	1.90	1.38	0.52	38.69	2.11	2.75	(0.64)	(23.27)
Revenue from sales of product and services	192.61	184.01	8.60	4.68	382.82	361.91	20.91	5.78
Other revenue ^{3/}	0.65	1.10	(0.45)	(40.91)	1.19	1.91	(0.72)	(37.70)
Total Revenue	193.26	185.11	8.15	4.40	384.01	363.82	20.19	5.55

Note:

^{1/} Revenue from trading such as revenue from sale of fitting, paint and more

^{2/} Revenue from services such as metal parts painting service for outside customer and installing equipment

^{3/} Other revenue derived from items such as interest income, gain (loss) from sale of asset, gain (loss) from amortization of asset, income from sale of scrap metal etc.

Revenue from sales of products and services

For the three-month period ended June 30, 2016, the Company had revenue from sales of products and services of 192.61 million baht, increased by 8.60 million baht or 4.68% from the same quarter of the previous year. For the six-month period ended June 30, 2016, the Company had revenue from sales of products and services of 382.82 million baht, increased by 20.91 million baht or 5.78% from the same quarter of the previous year which was mainly due to:



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- 1) Increased in revenue of Metal Trunking and White Conduits was due to the increase in the sales volume to the system contractors; such as Pandora project in Lampoon province and Bitec phase 2 project.
- 2) Increased in revenue of Communication Racks, Cabinets and Enclosures from receiving Communication Racks orders from major customer in higher amount.
- 3) Increased in revenue of Electrical Switchboards and Lighting Fixtures from receiving LCS (Lane control system) racks orders using for controlling barrier gate, which was a part of installing tollway fare collection booth project.
- 4) Increased in revenue of Mold & Die Making, Machine Tools and Equipments because of producing higher amount of Boom sprayer and Cabin Assy products to Siam Kubota Corporation Co.,Ltd.
- 5) Decreased in revenue of Sheet Metal Parts, Press Parts, Machine Parts and Assembly Parts was because in Q2/2015 the Company has revenue from special project of Solar farm which was already completed in year 2015

Gross Profit and Gross profit margin

For the three-month period ended June 30, 2016, the company's gross profit, excluding other income, was 44.31 million baht equivalent to the gross profit margin of 23.01%, comparing to the same period of last year in which the gross profit excluding other income was 37.67 million baht or equivalent to the gross profit margin of 20.47%.

For the six-month period ended June 30, 2016, the company's gross profit, excluding other income, was 83.66 million baht equivalent to the gross profit margin of 21.85%, comparing to the same period of last year in which the gross profit excluding other income was 60.69 million baht or equivalent to the gross profit margin of 16.76%.

The increase in gross profit and gross profit margin was resulted from (1) the improvement of production process by using effective tool and equipment together with the increase in productive of staff. (2) the decrease in total average of steel cost compared to the same period of last year and (3) the increase in profit margin of some project compared to the same period of last year.

Selling expenses

For the three-month period ended June 30, 2016, the Company had selling expenses of 9.41 million baht, increased by 0.52 million baht or 5.90% from the same quarter of the previous year. For the six-month



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period ended June 30, 2016, the Company had selling expenses of 19.01 million baht, increased by 1.25 million baht or 7.04% from the same quarter of the previous year which was mainly due to increase in salary rate and over time expenses

Administrative expenses

For the three-month period ended June 30, 2016, the Company had administrative expenses of 21.53 million baht, increased by 11.71 million baht or 119.17% from the same quarter of the previous year. While for the six-month period ended June 30, 2016, the Company had administrative expenses of 31.28 million baht, increased by 10.69 million baht or 51.92% from the same quarter of the previous year.

This increase can be attributed to the one-time expense during Q2/2015 consisting of Road show expenses, advertising expenses, and expenses related to listing the Company in the Stock Exchange of Thailand, totaling approximately 9.55 Million Baht.

Finance cost

For the three-month period ended June 30, 2016, the Company's financial cost was 1.98 million baht, decreased by 1.18 million baht or equivalent to 37.50% compared to the same period of last year. While for the six-month period ended June 30, 2016, the Company's financial cost was 4.84 million baht, decreased by 1.79 million baht or equivalent to 27.00% compared to the same period of last year. This decrease was due to using some part of IPO proceeds to pay back short term loan to financial institutions resulting in lower financial cost.

Net profit and Net profit margin

For the three-month period ended June 30, 2016, the Company's net profit was 10.35 million baht, equivalent to the net profit margin of 5.36%, comparing to the same period of last year in which the net profit was 13.55 million baht or equivalent to the net profit margin of 7.32%.

For the six-month period ended June 30, 2016, the Company's net profit was 23.80 million baht, equivalent to the net profit margin of 6.20%, comparing to the same period of last year in which the net profit was 14.14 million baht or equivalent to the net profit margin of 3.89%.

Decreased in net profit and net profit margin in Quarter 2/2016 was because of occurring one-time expenses from listing the Company in the Stock Exchange of Thailand as stated above. However, considering the six-month period ended June 30, 2016, the Company's net profit and net profit margin was higher than the same period of last year from higher revenue and more efficiently in production process.



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Please be informed accordingly.

Best Regard,

(Mr. Tanin Sajjaboribun)

Chief Executive Officer

Bangkok Sheet Metal Public Company Limited