



บริษัท บางกอกชีทเมทัล จำกัด (มหาชน)

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

Tel. 0-2817-5555-7, 0-2817-5440-2, Fax. 0-2817-5432, Email address: bsmc@bsm1995.com, Registration No. 0107558000229

No. BM.2017/02

February 23, 2017

Subject: Management Discussion and Analysis for the year ended December 31, 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 year ended December 31, 2016 as follows:

Statement of Comprehensive Income for the year ended December 31, 2016

Statement of Comprehensive Income	2016		2015		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales and service income	846.95	99.54	802.02	99.49	44.93	5.60
Other income	3.91	0.46	4.11	0.51	(0.20)	(4.87)
Total revenue	850.86	100.00	806.13	100.00	44.73	5.55
cost of sales and services	662.14	78.18	623.80	77.38	38.34	6.15
Gross Profit (excluding other income)	184.81	21.82	178.22	22.22	6.59	3.70
Selling Expenses	40.11	4.71	39.21	4.86	0.90	2.30
Administrative Expenses	71.37	8.39	46.25	5.74	25.12	54.31
Profit before finance cost and income tax expenses	77.24	9.08	96.87	12.02	(19.63)	(20.26)
Finance cost	6.93	0.81	12.40	1.54	(5.47)	(44.11)
Profit before income tax expenses	70.31	8.26	84.47	10.48	(14.16)	(16.76)
Income tax expenses	10.89	1.28	16.77	2.08	(5.88)	(35.06)
Profit (Loss) for the period	59.42	6.98	67.70	8.40	(8.28)	(12.23)



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Revenue Structure by different product groups for the year ended December 31, 2016

Revenue Structure	2016		2015		Increase) Decrease(	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales of product						
1. Metal Trunking and White Conduits	420.94	49.47	384.66	47.72	36.28	9.43
2. Communication Racks, Cabinets and Enclosures	107.94	12.69	101.83	12.63	6.11	6.00
3. Electrical Switchboards and Lighting Fixtures	25.62	3.01	29.87	3.70	(4.25)	(14.23)
4. Fabrication and Metal Working	45.69	5.37	50.45	6.26	(4.76)	(9.44)
5. Mold & Die Making, Machine Tools and Equipment	13.61	1.60	15.63	1.94	(2.02)	(12.92)
6. Sheet Metal Parts, Press Parts, Machine Parts and Assembly Parts	217.07	25.51	206.10	25.57	10.96	5.32
7. Revenue from trading ^{/1}	9.18	1.08	5.96	0.74	3.22	54.03
Revenue from sales of product	840.05	98.73	794.50	98.56	45.55	5.73
Revenue from services ^{/2}	6.90	0.81	7.52	0.93	(0.62)	(8.24)
Revenue from sales of product and services	846.95	99.54	802.02	99.49	44.93	5.60
Other revenue ^{/3}	3.91	0.46	4.11	0.51	(0.20)	(4.87)
Total Revenue	850.86	100.00	806.13	100.00	44.73	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

In 2016, the Company's sales of products and services was 846.95 million baht, increased by 44.93 million baht or equivalent to a 5.60% growth compared to the previous year mainly resulting from the increase in sale revenue of the product group 1; Metal Trunking and White Conduits, as the Company sold more products to contractors, especially those who underwent in condominium project as well as having higher purchase order for product group 2; Communication Racks, Cabinets and Enclosures. Furthermore, in third and fourth quarter of 2016 the major customer had a massive order for product group 6; metal and assembly parts, to be used in the present model and new model of agriculture machine such as rice combine harvester and cane combine harvester.



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Cost of sales and services

The Company's cost of sales and service in 2016 was 662.14 million baht, increased by 38.34 million baht or equivalent to 6.15% compared to the previous year. An increasing cost of sales and services has caused by more recruitment on production line in order to heighten the production capacity such as salary, wage, over-time expenses. Furthermore, the maintenance cost and depreciation has been taken into account for the hike in the following costs that correlates to investment in machineries and equipment.

Gross Profit and Gross profit margin

In 2016, the company's gross profit, excluding other income, was 184.81 million baht equivalent to the gross profit margin of 21.82%, comparing to the previous year which the gross profit excluding other income was 178.22 million baht or equivalent to the gross profit margin of 22.22%. The gross profit margin slightly declined from the previous year because of increasing in production cost as mentioned above.

Selling and Administrative Expenses

The Company's selling and administrative expenses in 2016 was 111.48 million baht, increased by 26.02 million baht or equivalent to 30.44% compared to the previous year, due to increasing in salary, over time expenses, and bonuses from higher number of employees for support the business expansion. Moreover, the increase in selling and administrative expense was due to allowance for doubtful account and one-time expenses from registering into the Stock Exchange of Thailand occurred in second quarter of 2016.

Finance Cost

In 2016, the Company's had financial cost of 6.93 million baht, decreased by 5.47 million baht or equivalent to 44.11% compared to the previous 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

The Company's net profit was 59.42 million baht in 2016, equivalent to the net profit margin of 6.98%, comparing to the year 2015 which the net profit was 67.70 million baht or equivalent to the net profit margin of 8.40%. The decrease of net profit and net profit in 2016 was resulting from the increase in cost of goods sold and administrative expense which included the one-time expenses from registering into the Stock Exchange of Thailand.



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Please be informed accordingly.

Best Regard,

(Mr. Tanin Sajjaboribun)

Chief Executive Officer

Bangkok Sheet Metal Public Company Limited