

Translation

February 22, 2018

Subject: Management explanation and analysis for Year ended 31 December 2017

Attn: The Managing Director, the Stock Exchange of Thailand

Pacific Pipe Public Company Limited would like to clarify the operating results of the year ended December 31, 2017 that has net Profit of Baht 292.42 million, decreased from the same period of previous year that has net profit of Baht 546.38 million, decreased Baht 253.96 million or 46.48 % as follow:

1. Revenue from sale and service was Baht 8,034.30 million, increased Baht 1,040.34 million or 14.87 % from the same period of last year. This is result from sale volume was increasing and the world steel price trend increasing from the same period of last year.
2. Cost of goods sold and service of Baht 7,365.10 million or 91.67 % of sales and service income compare to the same period of last year of Baht 6,201.35 million or 86.09% of sales and service income. The cost of sales and service portion to sales and service income increased from the last year because the steel cost was higher than the same period last year.
3. Gross profit margin was 10.35% of Revenue from sale and service, decrease from last year that gross profit margin was 15.79%. This is due to last year the Company's benefit from steel price rise from lowest price in year 2015.
4. Administrative expenses were Baht 289.07 million; decreased Baht 7.46 million or 2.51 % from the same period of last year. This is result from decreasing in normal administrative expense.
5. Selling expenses were Baht 157.05 million, increased Baht 9.87 million or 6.71 % from the same period of last year. This is result from the increasing in sale volume.
6. Finance cost was Baht 40.94 million; increased Baht 7.55 million or 22.61% from the same period of last year. This is the result from increasing in short term loans from financial institutions using for company's working capital.

Yours faithfully

(Mr. Pert Leevilaikunratt)

Company Secretary