



Translation

November 12, 2018

Subject: Management explanation and analysis for Quarter ended 30 September 2018

Attn: The Managing Director, the Stock Exchange of Thailand

Pacific Pipe Public Company Limited would like to clarify the operating results of the Quarter ended September 30, 2018 that has net Profit of Baht 14.44 million, decreased from the same period of previous year that has net profit of Baht 155.55 million, decreased Baht 141.11 million or 90.72% as follow:

1. Revenue from sale and service was Baht 2,465.50 million, increased Baht 349.60 million or 16.52 % 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 2,358.79 million or 95.67 % of sales and service income compare to the same period of last year of Baht 1,853.02 million or 87.58% of sales and service income. The cost of sales and service portion to sales and service income increased from the last year because of average steel price this year higher than same period of last year.
3. Gross profit margin was 4.33% of Revenue from sale and service, decreased from last year that gross profit margin was 12.42% because steel price trend decreasing.
4. Selling expenses were Baht 48.48 million, increased Baht 7.23 million or 17.53 % from the same period of last year. This is the same trend of increasing in Revenue from sale and service.
5. Administrative expenses were Baht 84.42 million; increased Baht 9.59 million or 12.82 % from the same period of last year. This is result from increasing in normal administration.
6. Finance cost was Baht 15.68 million; increased Baht 4.49 million or 40.13% 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