



Translation

February 22, 2019

Subject: Management explanation and analysis for Year ended 31 December 2018

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, 2018 that has net Profit of Baht 94.00 million, decreased from the same period of previous year that has net profit of Baht 292.42 million, decreased Baht 198.42 million or 67.86 % as follow:

1. Revenue from sale and service was Baht 9,694.62 million, increased Baht 1,660.32 million or 20.67 % from the same period of last year. This is result from sale volume was increasing and the world steel price trend increasing.
2. Cost of goods sold and service of Baht 9,279.39 million or 95.72 % of sales and service income compare to the same period of last year of Baht 7,365.09 million or 91.67% 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 4.28% of Revenue from sale and service, decrease from last year that gross profit margin was 8.33% because of intense competition in domestic market resulted the selling price increased slower than increasing in cost of goods sold.
4. Selling expenses were Baht 180.62 million, increased Baht 23.57 million or 15.01 % from the same period of last year. This is result from the increasing in Revenue from sale and service.
5. Administrative expenses were Baht 309.08 million; increased Baht 20.01 million or 6.92 % from the same period of last year. This is result from increasing in normal administrative expense.
6. Finance cost was Baht 55.05 million; increased Baht 14.11 million or 34.47 % 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