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May 13, 2019

Subject : Clarification on Operating Results for the 1st quarter ending March 31, 2019

To : President
The Stock Exchange of Thailand

Diamond Building Products Public Company Limited and its Subsidiary (together referred to as "Corporate Group") would like to clarify on the operating results according to the consolidated financial statements for the 1st quarter ending March 31, 2019 as follows.

The net profit of the Corporate Group for the 1st quarter 2019 was Baht 211.93 million. In comparison with the same period of previous year with the net profit of Baht 140 million, the net profit increased by Baht 71.93 million or 51.38 percent. However, if the extraordinary item from the sale of unused land of Baht 46.31 million had not been included, the net profit of the Corporate Group for the 1st quarter 2019 would be Baht 165.62 million or an increase of 18.30 percent. Details of the changes or impacts are described in the Management Discussion and Analysis (MD&A) as attached herewith.

Please be informed accordingly.

Yours faithfully,

For and on behalf of Diamond Building Products Public Company Limited

(Mr. Satid Sudbuntad)

Chief Executive Officer

DIAMOND BUILDING PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
MANAGEMENT DISCUSSION AND ANALYSIS

(For the Consolidated Financial Statements of the 1st Quarter Ending March 31, 2019)

(1) Overall Operating Results


For the 1st quarter 2019, the total revenue from sales and services of the Company and its Subsidiary (together referred to as the "Corporate Group") was Baht 1,329.18 million, which increased from the same period of previous year by 11.50 percent and the net profit in the 1st quarter 2019 was Baht 211.93 million, which increased from the same period of previous year by 51.38 percent. However, if the extraordinary item from the sale of unused land of Baht 46.31 million had not been included, the net profit of the Corporate Group increased by Baht 25.62 million or an increase of 18.30 percent, due to the fact that every distribution channel has expanded significantly, as well as effective cost management has resulted in maintaining gross profit margin at a good level.


(2) Analysis of Operating Results and Profitability

(2.1) Revenues from Sales and Services

Description	Year 2019		Year 2018		Increase / (Decrease)	
	Million Baht	% of Total Revenue	Million Baht	% of Total Revenue	Million Baht	%
Revenues from Sales	1,213.54	87.01	1,094.91	91.57	118.63	10.83
Revenues from Services	115.64	8.29	97.23	8.13	18.41	18.93
Total Revenue from Sales and Services	1,329.18	95.30	1,192.14	99.70	137.04	11.50
Gain on Sales of Fixed Assets	62.93	4.51	0.02	-	62.91	314,550.00
Gain on Foreign Exchange Rate – Net	0.78	0.06	1.78	0.15	(1.00)	(56.18)
Other Revenue	1.84	0.13	1.78	0.15	0.06	3.37
Total Other Revenue	65.55	4.70	3.58	0.30	61.97	1,731.01
Total Revenue	1,394.73	100.00	1,195.72	100.00	199.01	16.64

The Corporate Group's total revenue in the 1st Quarter 2019 increased from the same period of previous year by 16.64 percent, consisting of:

 Revenues from sales were Baht 1,213.54 million, which increased from the same period of previous year by Baht 118.63 million or 10.83 percent, due to the increase in revenue from sales of almost every type of products, including the roofing tile, board products, autoclaved aerated concrete blocks, siding boards and trusses.

 Revenues from services were Baht 115.64 million, which increased from the same period of previous year by Baht 18.41 million or 18.93 percent, due to the increase in revenue from services of Baht 16.94 million and the revenue from transportation increased by Baht 1.47 million.



Other revenue was Baht 65.55 million, which increased from the same period of previous year by Baht 61.97 million or 1,731.01 percent, due to income from the extraordinary item from the sale of unused land in Chon Buri province for Baht 63.30 million and there was an increase in sales of scrap but a decrease in foreign exchange rate gain.

(2.2) Cost of Sales and Services

Description	Year 2019		Year 2018		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Cost of Sales	859.53	64.67	780.73	64.75	78.80	10.09
Cost of Services	113.92	8.57	97.43	8.08	16.49	16.92
Total Cost of Sales and Services	973.45	73.24	878.16	72.83	95.29	10.85

The Corporate Group's total cost of sales and services in the 1st Quarter 2019 increased from the same period of previous year by 10.85 percent, consisting of:



Cost of sales was Baht 859.53 million, which increased from the same period of previous year by Baht 78.80 million or 10.09 percent, due to the increase in product sales volume of 6.36 percent and increase in raw material cost, salary and benefits of the employees and gas expenses but there were decrease in repair maintenance expenses.



Cost of services was Baht 113.92 million, which increased from the same period of previous year by Baht 16.49 million or 16.92 percent, due to the increase in cost of services of Baht 17.25 million but the transportation cost decreased by Baht 0.76 million.

(2.3) Selling and Administrative Expenses

Description	Year 2019		Year 2018		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Selling Expenses	29.35	2.21	28.03	2.35	1.32	4.71
Administrative Expenses	117.06	8.81	105.41	8.84	11.65	11.05
Management's Remuneration*	8.24	0.62	7.76	0.65	0.48	6.19
Total Selling and Administrative Expenses	154.65	11.63	141.20	11.84	13.45	9.53
Remarks: * Management means the director, chief executive officer or the next four executives succeeding the chief executive officer, the persons holding equivalent position to the fourth executive and shall include the persons holding the position of manager or equivalent in accounting or finance departments.						

The Corporate Group's total expenses in the 1st Quarter 2019 increased from the same period of previous year by 9.53 percent, consisting of:



Selling expenses were Baht 29.35 million, which increased from the same period of previous year by Baht 1.32 million or 4.71 percent, due to the increase in service expenses of Baht 0.82 million and salary and benefits of the employees of Baht 0.59 million.



Administrative expenses were Baht 117.06 million, which increased from the same period of previous year by Baht 11.65 million or 11.05 percent, due to the increase in salary and benefits of the employees of Baht 4.90 million, increase in the fee and commission (from the sale of unused land) of Baht 5.43

million, increase in processing expenses for export products of Baht 2.04 million, increase in service expenses of Baht 2 million but there was a decrease in product packaging expenses of Baht 1.59 million, decrease in overseas traveling expenses of Baht 0.75 million and decrease in repair maintenance expenses of Baht 0.74 million.



Management's remunerations were Baht 8.24 million, which increased from the same period of previous year by Baht 0.48 million or 6.19 percent.

(2.4) Profitability

Description	Year 2019		Year 2018		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Revenues from Sales and Services	1,329.18	100.00	1,192.14	100.00	137.04	11.50
Costs of Sales and Services	973.45	73.24	878.16	73.66	95.29	10.85
GP	355.73	26.76	313.98	26.34	41.75	13.30
EBITDA	324.52	24.52	235.97	19.79	88.55	37.53
EBIT	266.63	20.06	176.36	14.79	90.27	51.19
NP	211.93	15.94	140.00	11.74	71.93	51.38
EPS (Baht per Share) *	0.22		0.15		0.07	46.67
Weighted Average Number of Ordinary Shares (Million Shares) *	947.96		947.96		-	-
Return on Equity (ROE) (%)	38.85%		20.78%		18.07%	
Return on Assets (ROA) (%)	26.92%		13.74%		13.18%	
<p>Remark: * Calculated based on the number of issued and paid-up ordinary shares deducted by the number of treasury share GP = Gross Profit, EBITDA = Earnings before Interest, Tax, Depreciation & Amortization, EBIT = Earnings before Interest & Tax, NP = Net Profit after Tax, EPS = Net Earnings per Share</p>						

Gross Profit (GP)



The Corporate Group's gross profit in the 1st Quarter 2019 was Baht 355.73 million, an increase from the same period of previous year by Baht 41.75 million or 13.30 percent, due to the increase in revenues from sales and services of 11.50 percent but there was an increase in costs of sales and services of 10.85 percent.

Net Profit (NP)

The Corporate Group's net profit and net earnings per share in the 1st Quarter 2019 as follows:




The Corporate Group's net profit was Baht 211.93 million, the increase from the same period of previous year by Baht 71.93 million or 51.38 percent, due to the increase in gross profit margin of 13.30 percent and net income on extraordinary item from the sale of unused land of Baht 46.31 million despite the increase in selling and administrative expenses of 9.53 percent.





The Corporate Group's net earnings per share was Baht 0.22 per share, an increase from the same period of previous year of Baht 0.07 per share or 46.67 percent, due to the increase in net profit of 51.38 percent.

EBITDA

 The Corporate Group's EBITDA in the 1st Quarter 2019 was Baht 324.52 million an increase from the same period of previous year by Baht 88.55 million or 37.53 percent, due to the increase in gross profit margin of 13.30 percent and income from the extraordinary item from the sale of unused land of Baht 63.30 million (before reduction of corporate income tax) despite the increase selling and administrative expenses excluding depreciation of 10.25 percent.

Earnings Efficiency


 **Return on Equity (ROE):** The Corporate Group's ROE increased from 20.78 percent as at end of 2018 to 38.85 percent as at March 31, 2019 or an increase of 18.07 percent, due to an increase in annualized projected annual net profit of 100.47 percent but there was an increase in the shareholders' equity of 7.21 percent from the previous year.


 **Return on Assets (ROA):** The Corporate Group's ROA increased from 13.74 percent as at end of 2018 to 26.92 percent as at March 31, 2019 or an increase of 13.18 percent, due to an increase in annualized projected annual net profit of 100.47 percent but there was an increase in total assets of 2.34 percent from the previous year.

(2.5) Financial Position

Description	Statement of Financial Position		Increase / (Decrease)	
	As at March 31, 2019	As at December 31, 2018		
	Million Baht	Million Baht	Million Baht	%
Total Assets	3,161.07	3,137.70	23.37	0.74
Total Liabilities	873.05	1,061.61	(188.56)	(17.76)
Total Shareholders' Equity	2,288.02	2,076.09	211.93	10.21
Weighted Average Number of Ordinary Shares (Million Shares)*	947.96	947.96	-	-
Book Value (Baht per Share)*	2.41	2.19	0.22	10.05

Remark: * Calculated based on the number of issued and paid-up ordinary shares deducted by the number of treasury stock

 The Corporate Group's total assets as at March 31, 2019 increased from the end of year 2018 by Baht 23.37 million or 0.74 percent, due to a net increase in trade accounts receivable and other accounts receivable of Baht 95.56 million, increase in cash and cash in bank of Baht 13.26 million and increase in other current assets and other non-current assets of Baht 2.46 million but there were decrease in fixed assets of Baht 30.47 million, net decrease in inventory of Baht 30.18 million, decrease in non-current assets classified as held for sale (unused land) of Baht 25.45 million , decrease in intangible assets of Baht 0.97 million, decrease in cash advance payment for purchase of assets of Baht 0.81 million and decrease in deferred income tax of Baht 0.03 million.

 The Corporate Group's total liabilities as at March 31, 2019 decreased from the end of year 2018 by Baht 188.56 million or 17.76 percent, due to the decrease in short-term loan of Baht 133 million and increase in financial lease liabilities of Baht 1.67 million but there was an increase in trade accounts

payable and other accounts payable of Baht 71.68 million, increase in current income tax payable of Baht 52.51 million, increase in provision for post-employment benefits obligation of Baht 1.39 million and increase in other current liabilities of Baht 0.53 million.



The Corporate Group's total shareholders' equity as at March 31, 2019 increased from the end of year 2018 by Baht 211.93 million or 10.21 percent, due to the increase in net profit of Baht 211.93 million, resulting in an increase in share book value from Baht 2.19 per share as at end of year 2018 to Baht 2.41 per share as at March 31, 2019.

(2.6) Cash Flows

Description	Unit: Million Baht	
	Year 2019	Year 2018
Cash Flows from (used in) Operating Activities	254.19	274.96
Cash Flows from (used in) Investing Activities	75.83	(7.85)
Cash Flows from (used in) Financing Activities	(317.01)	(263.58)
Unrealized exchange gain (loss) of cash and cash equivalents	0.24	(0.23)
Cash Increase (Decrease) – Net	13.25	3.30
Cash at the Beginning of the Period	20.31	23.83
Cash at the Ending of the Period	33.57	27.13
CFROE = Cash Flow Return on Equity Increase (Decrease) (%)	46.60%	23.87%



The Corporate Group's net cash from operating activities in the 1st Quarter 2019 was Baht 254.19 million, which was lower than the net profit before tax by Baht 10.28 million, due to the transactions that did not affect the cash such as depreciation of assets and amortization of Baht 57.89 million, increase in trade accounts payable and other accounts payable of Baht 58.43 million, net decrease in inventory of Baht 30.18 million, increase in other non-current liabilities of Baht 1.39 million and increase in other current liabilities of Baht 3.16 million but there were net increase in trade accounts receivable and other accounts receivable of Baht 95.31 million, increase in other current assets of Baht 2.72 million and increase in income from the sale of unused land of Baht 63.30 million.



The Corporate Group's net cash from investing activities in the 1st Quarter 2019 was Baht 75.83 million, due to cash received from the sale of unused land of Baht 88.74 million and cash received from sale of damaged and unusable assets of Baht 2.30 million but there were cash paid for tools and equipment replacement after their useful life of Baht 15.21 million.



The Corporate Group's net cash used in financing activities in the 1st Quarter 2019 was Baht 317.01 million, due to the repayment of short-term loan of Baht 313 million, interest payment of Baht 2.10 million and repayment of financial lease of Baht 1.91 million.

(2.7) Financial Ratios

Financial Ratios	As at March 31, 2019	As at December 31, 2018
Current Ratio (Times)	1.94	1.48
Quick Ratio (Times)	0.94	0.65
Cash flow Liquidity Ratio (Times)	1.23	0.54
Account Receivable Turnover Ratio (Times)	9.37	8.58
Average Collection Period (Days)	38	42
Inventory Turnover Period (Days)	13	19
Average Payable Period (Days)	19	18
Cash Cycle (Days)	32	43
Total Debt to Equity Ratio (Times)	0.38	0.51
Interest Coverage Ratio (Times)	141.76	72.99
Debt Service Coverage Ratio (Times)	85.39	56.23

(3) Asset Management Capability

(3.1) Debtor Quality, Accounts Receivable Aging, Provision and Sufficiency of Allowance for Doubtful Debts

The Corporate Group's trade accounts receivable and other accounts receivable as at March 31, 2019 account for 20.51 percent of the total assets with 86.93 percent not yet due for payment. The Corporate Group has established policy for setting provision or allowance for doubtful debts which is based on the analysis of accounts receivable aging and assessment of past debt collection experience. Accordingly, the Corporate Group has experienced very little bad debts and has not found any irregularity in 2019 and there was no bad debt in the past year 2018.

(3.2) Inventory and Deterioration or Obsolete

The Corporate Group's inventory as at March 31, 2019 accounts for 23.15 percent of the total assets, of which 15.70 percent are finished products, 20.33 percent are work in progress and 46.14 percent are raw materials. The Corporate Group conducts inventory inspection every month and has employed accounting policy for setting provision for deteriorated inventory based on product life which is based on the generally accepted accounting standards.

(4) Liquidity and Capital Sufficiency

The Corporate Group has appropriate capital management, having prepared operating cash flows statements every day to acknowledge the daily cash-in and cash-out, in order to learn about liquidity, debt service coverage and sources of fund for the best interest, which can be summarized as follows.



The Corporate Group's total debt to equity ratio as at March 31, 2019 was at 0.38 times, a decrease from end of year 2018, due to the decrease in total liabilities from the end of 2018 of 17.76 percent but the shareholders' equity increased from the end of year 2018 by 10.21 percent and the interest coverage ratio was at 141.76 times, an increase from end of 2018, due to an increase in annualized cash flow from operating activities from the previous year of 109.28 percent, but increase in annualized interest on loan from the previous year of 7.80 percent.



The Corporate Group's current ratio as at March 31, 2019 was 1.94 times, an increase from the end of year 2018, due to an increase in current assets of 4.07 percent and decrease in current liability by 20.44 percent and the quick ratio of 0.94 times, which increased from the end of year 2018, due to a decrease in inventory by 3.96 percent and decrease in current liability by 20.44 percent and the cash flow liquidity ratio was 1.23 times, an increase from end of year 2018, due to the increase in annualized cash flow from operating activities from the previous year by 109.28 percent.



The Corporate Group's cash cycle as at March 31, 2019 was 32 days, a decrease from the end of year 2018 by 12 days due to the decrease in average collection period of 5 days, increase in average payable period of 1 day and decrease in inventory turnover period of 6 days.



The Corporate Group's debt service coverage ratio increased from 56.23 times as at end of year 2018 to 85.39 times as at March 31, 2019 due to an increase in annualized EBITDA from end of year 2018 of 69.02 percent but increase in financial lease liabilities due within one year of 16.31 percent and an increase in annualized interest on loan payment of 7.80 percent.

(5) Debt Obligation

The Corporate Group has policy to mitigate risk from interest fluctuation by taking long-term loan with fixed interest rate. Accordingly, as at March 31, 2019, the Corporate Group had no long-term debt obligation to comply with the terms and conditions of the loan agreement with the commercial bank.

(6) Factors Having Impact on Future Operating Results

Despite the fact that the economy is still slowing down, the Corporate Group believes that its growth rate can still be maintained at a good level by using the strategy, namely "**Complete Set of Beauty, Entirely Filled with Diamond Brand**", through every possible distribution channels, as well as continuous expansion of sales and marketing base in every channels including domestic and overseas, which shall bring good results for sale volume in the first half of the year, along with effective cost management to maintain profit margin as established.