



K. W. METAL WORK PUBLIC COMPANY LIMITED

Head office 259/83 Sukhumvit 71 road, Phrakhanong-nur, Wattana, Bangkok

Branch 1 300/142 Moo. 1 Tambon Tarsit, Amohoe Pluag-daeng, Rayong

Branch 2 300/138 Moo. 1 Tambon Tarsit, Amohoe Pluag-daeng, Rayong

(Translation)

KWM 007/2562

May 14th, 2019

Subject : Management Discussion and Analysis the three month-period ended March 31, 2019

To : President
The Stock Exchange of Thailand

K. W. Metal Work Public Company Limited (the “Company”) would like to submit management discussion and analysis for the three month-period ended March 31, 2019 with details as follow;

unit: million baht

Items	3-month periods ended 31 March				Changes	
	2018		2019			
	Amount	%	Amount	%	Amount	%
Revenue from sales of goods	82.42	100.00	113.01	100.00	30.59	37.11
Cost of sales of goods	65.35	79.29	89.40	79.11	24.05	36.80
Gross profit	17.07	20.71	23.61	20.89	6.54	38.31
Other income	1.86	2.26	0.96	0.85	(0.90)	(48.39)
Profit before expenses, finance cost and taxes	18.93	22.97	24.57	21.74	5.64	29.79
Distribution costs	0.94	1.14	1.82	1.61	0.88	93.62
Administrative expenses	8.82	10.70	9.81	8.68	0.99	11.22
Profit before finance cost and taxes	9.17	11.13	12.94	11.45	3.77	41.11
Finance Cost	1.45	1.76	0.88	0.78	(0.57)	(39.31)
Profit before income tax expenses	7.72	9.37	12.06	10.67	4.34	56.22
Income tax expense	0.22	0.27	0.88	0.78	0.66	300.00
Net profit	7.50	9.10	11.18	9.89	3.68	49.07

1. Revenue from sales of goods

For the 3 month-period ended March 31, 2019 the Company and its subsidiary’s revenue from sales of goods was in the amount of 113.01 million baht, increased in the amount of 30.59 million baht or 37.11% of the sales of same period of 2018. Mainly resulted from an increase in sales from the product ‘Discs plough’ which was in the



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amount of 80.11 million baht, increased by 69.84% when compares to Q1/2018 Disc plough's sales. An increased in demand of disc plough this quarter basically came from the fact that our main customer held a special promotion in order to boost sales during the preparation of soil cultivation period.

2. Cost of sales of goods and Expenses

- 2.1. Cost of sales of goods for the 3 month-period ended March 31, 2019 was in the amount of 89.40 million baht, increased by 24.05 million baht or 36.80% when compared to same period of last year which was in accordance to an increase in revenue from sales of good. While for the gross profit margin, the Company gain a better result with 20.71% in Q1/2018 to 20.89% in Q1/2019.
- 2.2. Distribution costs for the first quarter of 2019 was in the amount of 1.82 million baht, increased by 0.88 million baht from the same period of last year which consistent with an increase of sale. Moreover, there was an expansion in Sales' department's headcounts which resulted to an increased in employee's expenses this quarter.
- 2.3. Administrative expense for quarter 1 of 2019 was in the amount of 9.81 million baht, increased by 0.99 million baht or increased 11.22% from quarter 1 of 2018. The increased mainly came from loss on fixed assets sold in the amount of 0.41 million baht. There were also an increased from other expenses such as promotion expense and securities deposit fee that increased by 0.11 million baht, these expenses just occurred in quarter 4 of 2018 after the Company got listed in Stock market. Depreciation expenses also increased from 3 new vehicles that were acquired in late of 2018 and machines that installed in 2nd Factory and were ready to use in second half of 2018 such as screw flight machine and powder booth system machine.

3. Finance costs

Finance cost for the 3 month-period ended March 31, 2019 was 0.88 million baht decreased by 0.57 million baht or 39.31% from the same period of 2018. This mainly came from the fact that the Company made repayments to both short-term loan quarter 4 of 2018 and long-term loan in January of 2019.

4. Net Profit

For the 3 month-period ended March 31 2019, the Company financial statement represents net profit in the amount of 11.18 million baht or considered as net profit margin of 9.89%, increased from the same period of last year by 3.68 million baht or 49.07% of net profit of quarter 1 of 2018. The main reason was from an increase in revenue from sales.



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5. Statement of financial positions

Items	31 Dec 2018	31 Mar 2019	Changes	
	Million baht	Million baht	Million baht	%
Total Assets	457.86	459.46	1.60	0.35
Cash and cash equivalents	92.96	100.56	7.60	8.18
Trade and other account receivables	68.62	76.26	7.64	11.13
Inventories	110.48	99.55	(10.93)	(9.89)
Property, plant and equipment	182.56	178.90	(3.66)	(2.00)
Other non-current assets	2.59	3.44	0.85	32.82
Total Liabilities	114.35	104.77	(9.58)	(8.38)
Short-term borrowings from financial institutions	58.30	65.82	7.52	12.90
Trade and other account payables	24.14	21.26	(2.88)	(11.93)
Current portion of long-term borrowings	14.86	2.00	(12.86)	(86.54)
Long-term borrowings	4.00	2.00	(2.00)	(50.00)
Total shareholders' equity	343.51	354.70	11.19	3.26

As of March 31, 2019, the Company and its subsidiary's total assets was in the amount of 459.46 million baht, slightly increased by 1.60 million baht when compared to total assets as of December 31, 2018. An increased in total assets of the Company and its subsidiary came from details as follow;

Cash and cash equivalent increased by 7.60 million baht or 8.18% from December 31, 2018. For the 3 month-period ended 31 March 2019, the Company had cash from operating activities amounting to 19.60 million baht, cash used in investing activities amounting to 2.90 million baht and cash used in financing activities amounting to 9.10 million baht.

Trade and other account receivables as of March 31, 2019 was in the amount of 76.26 million baht, increased by 7.64 million baht or increased 11.13% when compared to trade and other account receivables as of December 31, 2018. This increment is in accordance to the higher in revenue from sales in quarter 1/2019 when compared to sales during last quarter of 2018.

Inventories as of March 31, 2019 was in the amount of 99.55 million baht, decreased by 10.93 million baht or 9.89% compare inventories as of December 31, 2018. Such dropped was from more used in raw materials in this period which was in accordance to the higher demand in the Company's products.

As of March 31, 2019, the Company and its subsidiary had an increased in short-term borrowing from financial institutions in the amount of 7.52 million baht or 12.90% when compare to the end of 2018 which was resulted from more purchase orders for raw materials that were placed to oversea suppliers in this period.



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As of March 31, 2019 the Company and its subsidiary had trade and other account payables in the amount of 21.26 million baht, decreasing by 2.88 million baht or 11.93% from trade and other account payables of December 31, 2018, which was in accordance to the fact that the Company purchased less of raw materials and supply used for production of the Product 'Screw Flight' since it is not harvesting period yet.

As of March 31, 2019 the Company and its subsidiary had a significant drop in current portion of long-term loan in the amount of 12.86 million baht or 86.54% when compare to the end of 2018 because the Company made a repayment of the remaining long-term loan in the end of January 2019 to financial institution.

Long-term loan as of March 31, 2019 of the Company and its subsidiary declined in the amount of 2.00 million baht or dropped by 50% when compare to long-term loan as of December 31, 2018 because the Company paid the installment of low interest long-term loan in the amount of 2 million baht in January 2019.

Total shareholder's equity of the Company and its subsidiary as of March 31, 2019 was in the amount of 354.70 million baht, increased by 11.19 million baht or 3.26%. The change came from an increase in net profit from the Company's performance of quarter 1 of 2019.

Please be informed accordingly

Yours sincerely

Miss Tiyaophon Vanagosoom

Managing Director

K. W. Metal Work Public Company Limited