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70 หมู่ 2 ด.ช้างใหญ่ อ.บางไทร จ.พระนครศรีอยุธยา ประเทศไทย 13290
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(Translation)

Ref. No. MCS 012/2020
May 15,2020

Subject : Management Discussion and Analysis of Q1/2020

To : Director and Manager The Stock Exchange of Thailand

M.C.S. Steel Public Company Limited would like to clarify the operating result for the consolidated financial statements of company and subsidiary of Quarter 1/2020 periods ended 31 March 2020 that reviewed by the Independent Auditor , details are as followings ;

1. In Q1/2020, the company's Profit was 215.99 Million Baht , increased of 146.90 Million Baht. from Q1/2019 that was the profit in the separate financial statements of 163.61 Million Baht.
2. In Q1/2020, the company's gross profit in the separate financial statements was 305.59 Million Baht , increased of 193.95 Million Baht from same period of last year. If included the gross profit from subsidiary companies it will be 395.48 Million Baht ,increased of 259.93 Million Baht.
3. In Q1/2020, the company's sale revenue in the separate financial statements was 990.47 Million Baht, increased 575.59 Million Baht or 138.74% from same period of last year. If included the sale revenue from subsidiary companies it will be 1,024.91 Million Baht ,increased of 590.81 Million Baht or 136.10%.

Management Discussion and Analysis of Q1/2020

- 1) The delivery works in Q1/2020 were around 15,000 tons which included ;
 - a. Works from MCS-Thai as 8,336 tons (which included domestic work (ONES Project) as 1,310 tons)
 - b. Works from MCS-Xiamen as 6,566 tons
 - c. Works from MCS-Japan 97 tons

The total of delivery increased 8,182 tons from Q1/2019 or 120.01%. As a result , the revenue from sales of goods and rendering of services increased 575.59 Million Baht or 138.74% from same period of last year.

If included the revenue from sales of goods and rendering of services from subsidiary companies, it will be 1,024.91 Million Baht, increased of 590.81 Million Baht.

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- 2) In Q1/2020, Cost for sales of goods and rendering of services in the separate financial statements increased by 375.10 Million Baht which was due to increase the delivery work from same period of last year.

And if included the subsidiary companies ,cost for sales of goods and rendering of services was 629.43 Million Baht that increased of 330.88 Million Baht from same period of last year.

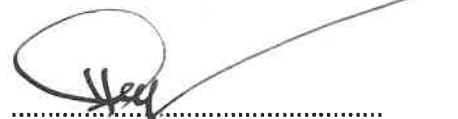
- 3) In Q1/2020, the distribution costs increased by 46.99 Million Baht which was due to increased the delivery work.

The Administrative expenses decreased by 2.01 Million Baht which was due to the administrative expenses from subsidiary companies decreased.

- 4) At 31 March 2020, Inventories increased by 217.84 Million Baht from 31 December 2019 which was work in process (WIP) that was waiting to delivery in Q2/2020 and the material for year 2020 and 2021.
- 5) At 31 March 2020, Property, plant and equipment increased by 122.59 Million Baht from 31 December 2019 due to new machines were bought and the conversion of financial statements in this period.
- 6) In Q1/2020, Finance costs decreased by 0.22 Million Baht due to loan from M.C.S. Steel-Xiamen decreased.
- 7) Our Xiamen facility now contribute much larger portion of combined profit due to improved recognition from our Japanese clients.
- 8) Our Japan facility (MCS Japan), with real time DVD transmission approach, played an important current Covid-19 crisis which most of people movement have been restricted, but us remaining active.

Due to seasonal factor as above No.1 - 8, In Q1/2020, the. company's profit in Consolidated financial statements was 215.99 Million Baht, therefore we like to expect a much healthier performance for this fiscal year

Yours Sincerely



(Dr.Naiyuan Chi)
Chief Executive Officer