

Ref. DBP. 021 / 2023

February 16, 2023

Subject : Clarification on Operating Results of Year 2022

To : President

The Stock Exchange of Thailand

Diamond Building Products Public Company Limited and its subsidiary company (together referred to as the "Corporate Group") would like to clarify on the operating results according to the consolidated financial statements of Year 2022 for the year ended December 31, 2022 as follows.

The net profit of the Corporate Group for Year 2022 was Baht 625.61 million. In comparison with the previous year with the net profit of Baht 585.44 million, the net profit increased by Baht 40.17 million or an increase of 6.86 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

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

(For the Consolidated Financial Statements of the Year Period Ending December 31, 2022)

(1) Overall Operating Results

The Company and its subsidiary company (together referred to as the “Corporate Group”) have overall operating results for the year 2022 with revenue from sales and services of the Corporate Group totaling Baht 5,232.45 million, which increased from the previous year by 8.67 percent and the net profit of Baht 625.61 million, which increased from the previous year by 6.86 percent.


The Company has managed its production efficiency by maintaining average machine availability rate at a higher level than the established target to support the increased costs of logistics and raw materials resulting from the conflict between Russia and Ukraine, as well as managing its product mix to be in line with the production and distribution plan, having achieved the targets, resulting in the net profit increase for the Corporate Group.


(2) Analysis of Operating Results and Profitability

(2.1) Revenues from Sales and Services

Description	Year 2022		Year 2021		Increase / (Decrease)	
	Million Baht	% of Total Revenue	Million Baht	% of Total Revenue	Million Baht	%
Revenues from Sales	4,790.28	91.24	4,452.29	92.27	337.99	7.59
Revenues from Services	442.17	8.42	362.86	7.52	79.31	21.86
Total Revenue from Sales and Services	5,232.45	99.66	4,815.15	99.79	417.30	8.67
Gain on Sales of Fixed Assets	4.27	0.08	2.98	0.06	1.29	43.29
Gain on Foreign Exchange Rate – Net	1.45	0.03	-	-	1.45	-
Other Revenue	11.88	0.23	7.32	0.15	4.56	62.30
Total Other Revenue	17.60	0.34	10.30	0.21	7.30	70.87
Total Revenue	5,250.05	100.00	4,825.45	100.00	424.60	8.80

The Corporate Group’s total revenue of year 2022 increased from the previous year by 8.80 percent, consisting of:

 Revenues from sales were Baht 4,790.28million, which increased from the previous year by Baht 337.99 million or 7.59 percent, due to increase in revenues from product sales through group of housing projects of 43.43 percent, group of modern trade customers of 8.01 percent and group of domestic distribution agents of 5.82 percent.

 Revenues from services were Baht 442.17million, which increased from the previous year by Baht 79.31 million or 21.86 percent, due to the increase in revenue from services of Baht 51.85 million and increase in revenue from transportation of Baht 27.46 million.



Other revenue was Baht 17.60 million, which increased from the previous year by Baht 7.30 million or 70.87 percent, due to the gain on foreign exchange rate of Baht 1.45 million, increase in gain on sales of fixed assets of Baht 1.29 million and increase in other income of Baht 4.56 million.

(2.2) Cost of Sales and Services

Description	Year 2022		Year 2021		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Cost of Sales	3,375.45	64.51	3,087.26	64.12	288.19	9.33
Cost of Services	454.86	8.69	365.65	7.59	89.21	24.40
Total Cost of Sales and Services	3,830.31	73.20	3,452.91	71.71	377.40	10.93

The Corporate Group's total cost of sales and services of year 2022 increased from the previous year by 10.93 percent, consisting of:



Cost of sales was Baht 3,375.45 million, which increased from the previous year by Baht 288.19 million or 9.33 percent, due to the increase in product sales volume of 34.98 percent and increase in the costs of raw materials and energy.



Cost of services was Baht 454.86 million, which increased from the previous year by Baht 89.21 million or 24.40 percent, due to the increase in the transportation cost of Baht 42.63 million and increase in cost of services of Baht 46.58 million.

(2.3) Selling and Administrative Expenses

Description	Year 2022		Year 2021		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Selling Expenses	144.94	2.77	134.75	2.80	10.19	7.56
Administrative Expenses	451.56	8.63	471.36	9.79	(19.80)	(4.20)
Executives' Remuneration*	55.06	1.05	48.92	1.02	6.14	12.55
Total Selling and Administrative Expenses	651.56	12.45	655.03	13.60	(3.47)	(0.53)
Remarks: * Executives mean 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 selling and administrative expenses of year 2022 decreased from the previous year by 0.53 percent, consisting of:



Selling expenses were Baht 144.94 million, which increased from the previous year by Baht 10.19 million or 7.56 percent, due to the increase in salary and benefits of the employees of Baht 3.60 million, increase in sales promotion expenses of Baht 2.08 million, increase in travelling expenses of Baht 1.55 million, increase in fuel expenses of Baht 1.45 million, increase in rental expenses of Baht 0.36 million, increase in depreciation and amortization of Baht 0.31 million and increase in other expenses of Baht 1.68 million, but there was a decrease in donation expenses of Baht 0.28 million and decrease in entertainment expenses of Baht 0.56 million.



Administrative expenses were Baht 451.56million, which decreased from the previous year by Baht 19.80 million or 4.20 percent, due to the decrease in salary and benefits of the employees of Baht 15.69 million, decrease in tax and other fees of Baht 17.84 million, decrease in allowance for dead stock of Baht 16.14 million, decrease in the consulting fees of Baht 1.81 million, but there were increase in product packaging expenses of Baht 13.02 million, increase in depreciation and amortization of Baht 5.48 million, increase in local maintenance and property tax of Baht 2.79 million, increase in maintenance expenses of Baht 2.25 million, increase in fuel expenses of Baht 2.08 million, increase in electricity expenses of Baht 1.80 million, increase in allowance for doubtful debts of Baht 1.27 million, increase in travelling expenses of Baht 0.96 million, increase in technology expenses of Baht 0.77 million and increase in other expenses of Baht 1.26 million.



Executives' remunerations were Baht 55.06 million, which increased from the previous year by Baht 6.14 million or 12.55 percent, due to the appointments of executives.

(2.4) Profitability

Description	Year 2022		Year 2021		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Revenues from Sales and Services	5,232.45	100.00	4,815.15	100.00	417.30	8.67
Costs of Sales and Services	3,830.31	73.20	3,452.91	71.71	377.40	10.93
GP	1,402.14	26.80	1,362.24	28.29	39.90	2.93
EBITDA	1,092.23	20.87	1,030.58	21.40	61.65	5.98
EBIT	768.19	14.68	717.51	14.90	50.68	7.06
NP	625.61	11.96	585.44	12.16	40.17	6.86
EPS (Baht per Share) *	0.73		0.68		0.05	6.86
Weighted Average Number of Ordinary Shares (Million Shares) *	855.03		855.03		-	-
Return on Equity (ROE) (%)	27.60%		28.67%		(1.07%)	
Return on Assets (ROA) (%)	17.38%		17.02%		0.36%	
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						

Gross Profit (GP)



The Corporate Group's gross profit of year 2022 was Baht 1,402.14 million, an increase from the previous year by Baht 39.90 million or 2.93 percent, due to the increase in revenues from sales and services of 8.67 percent and increase in the cost of sales and services of 10.93 percent.

Net Profit (NP)

The Corporate Group's net profit and net earnings per share of year 2022 as follows:



The Corporate Group's net profit was Baht 625.61 million, an increase from the previous year by Baht 40.17 million or 6.86 percent, due to the increase in gross profit margin of 2.93 percent and decrease in selling and administrative expenses of 0.53 percent.



The Corporate Group's net earnings per share was Baht 0.73 per share, an increase from the previous year of Baht 0.05 per share or 6.86 percent, due to increase in net profit of 6.86 percent.

EBITDA



The Corporate Group's EBITDA of year 2022 was Baht 1,092.23 million, an increase from the previous year of Baht 61.65 million or 5.98 percent, due to the increase in gross profit margin of 2.93 percent and decrease in selling and administrative expenses excluding depreciation of 1.52 percent.

Earnings Efficiency



Return on Equity (ROE): The Corporate Group's ROE decreased from 28.67 percent as at end of 2021 to 27.60 percent as at December 31, 2022 or a decrease of 1.07 percent, due to an increase in net profit of 6.86 percent, but there was an increase in average shareholders' equity of 11.03 percent from the previous year.



Return on Assets (ROA): The Corporate Group's ROA increased from 17.02 percent as at end of 2021 to 17.38 percent as at December 31, 2022 or an increase of 0.36 percent, due to an increase in net profit of 6.86 percent, but there was an increase in average total assets of 4.68 percent from the previous year.

(2.5) Financial Position

Description	Statement of Financial Position		Increase / (Decrease)	
	As at December 31, 2022	As at December 31, 2021		
	Million Baht	Million Baht	Million Baht	%
Total Assets	3,740.61	3,459.47	281.14	8.13
Total Liabilities	1,353.38	1,313.22	40.16	3.06
Total Shareholders' Equity	2,387.23	2,146.25	240.98	11.23
Weighted Average Number of Ordinary Shares (Million Shares)*	855.03	855.03	-	-
Book Value (Baht per Share)*	2.79	2.51	0.28	11.16

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 December 31, 2022 increased from the end of year 2021 by Baht 281.14 million or 8.13 percent, due to the net increase in inventory of Baht 350.15 million, increase in cash advance payment for purchase of assets of Baht 55.46 million, net increase in trade accounts receivable and other accounts receivable of Baht 50.20 million, increase in other current assets and other non-current assets of Baht 2.05 million and increase in intangible assets of Baht 0.30 million, but there were decrease in cash and cash in bank of Baht 11.62 million, net decrease in fixed assets of Baht 141.95 million, decrease in right of use assets of Baht 17.18 million and decrease in deferred income tax of Baht 6.27 million.



The Corporate Group's total liabilities as at December 31, 2022 increased from the end of year 2021 by Baht 40.16 million or 3.06 percent, due to the increase in short-term loan of Baht 84 million, increase in

trade accounts payable and other accounts payable of Baht 52.72 million and increase in current income tax payable of Baht 9.04 million, but there were decrease in long-term loan of Baht 60 million, decrease in financial lease liabilities of Baht 17.80 million, decrease in provision for post-employment benefits obligation of Baht 21.55 million and decrease in other current liabilities of Baht 6.25 million.



The Corporate Group's total shareholders' equity as at December 31, 2022 increased from the end of year 2021 by Baht 240.98 million or 11.23 percent, due to the increase in net profit of Baht 625.61 million and increase in the profit projection according the actuarial science principle for the employee benefits project of Baht 25.79 million, but there was a dividend payment of Baht 410.42 million, resulting in an increase in share book value from Baht 2.51 per share as at end of year 2021 to Baht 2.79 per share as at December 31, 2022.

(2.6) Cash Flows

Description	Unit: Million Baht	
	Year 2022	Year 2021
Cash Flows from Operating Activities	632.54	810.22
Cash Flows used in Investing Activities	(229.57)	(153.93)
Cash Flows used in Financing Activities	(416.12)	(656.03)
Effect of exchange rate changes on cash and cash equivalents	1.53	0.67
Cash Increase (Decrease) – Net	(11.62)	0.93
Cash at the Beginning of the Period	23.00	22.07
Cash at the Ending of the Period	11.38	23.00
CFROE = Cash Flow Return on Equity Increase (%)	25.37%	39.61%



The Corporate Group's net cash from operating activities of year 2022 was Baht 632.54 million, which was lower than the net profit before tax by Baht 128.30 million, due to the transactions that did not affect the cash such as depreciation of assets and amortization of Baht 324.04 million, increase in trade accounts payable and other accounts payable of Baht 70.76 million, increase in other non-current liabilities of Baht 10.68 million and increase in other current liabilities of Baht 1.28 million, but there were net increase in inventory of Baht 350.15 million, net increase in trade accounts receivable and other accounts receivable of Baht 53.75 million, increase in other non-current assets of Baht 4.24 million, increase in other current assets of Baht 0.56 million and payment of accrued corporate income tax for year 2021 of Baht 28.33 million, payment of mid-year corporate income tax of year 2022 of Baht 92.49 million and payment of withholding tax of Baht 5.54 million.



The Corporate Group's net cash used in investing activities of year 2022 was Baht 229.57 million, due to cash payment for tools and equipment replacement after their useful life of Baht 171.77 million, cash advance payment for purchase of assets of Baht 57.47 million and cash payment for intangible assets of Baht 4.66 million, but there were cash received from sale of damaged and unusable assets of Baht 4.31 million and cash received from interest income of Baht 0.02 million.



The Corporate Group's net cash used in financing activities of year 2022 was Baht 416.12 million, due to repayment of long-term loan of Baht 120 million, dividend payment of Baht 410.41 million, repayment of financial lease of Baht 23.67 million and interest payment of Baht 6.04 million, but there was an increase in short-term loan of Baht 84 million and increase in long-term loan of Baht 60 million.

(2.7) Financial Ratios

Financial Ratios	As at December 31, 2022	As at December 31, 2021
Current Ratio (Times)	1.66	1.42
Quick Ratio (Times)	0.58	0.59
Cash flow Liquidity Ratio (Times)	0.56	0.73
Account Receivable Turnover Ratio (Times)	9.80	9.99
Average Collection Period (Days)	37	36
Inventory Turnover Period (Days)	19	18
Average Payable Period (Days)	13	11
Cash Cycle (Days)	43	43
Total Debt to Equity Ratio (Times)	0.57	0.61
Interest Coverage Ratio (Times)	96.76	94.62
Debt Service Coverage Ratio (Times)	7.35	33.37

(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 December 31, 2022 accounted for 16.20 percent of the total assets with 75.90 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 no bad debt.

(3.2) Inventory and Deterioration or Obsolescence

The Corporate Group's inventory as at December 31, 2022 accounted for 31.14 percent of the total assets, of which 19.70 percent are finished products, 14.82 percent are work in progress, 55.87 percent are raw materials, 2.81 percent are goods in transits and 6.80 percent are supplies.

(4) Liquidity and Capital Sufficiency

The Corporate Group manages its capital by preparing cash flow projection in order to manage the working capital for sufficient liquidity and low financial cost, which can be summarized as follows.



The Corporate Group's total debt to equity ratio as at December 31, 2022 was at 0.57 times, a decrease from end of year 2021, due to the increase in total liabilities from the end of 2021 of 3.06 percent, but the shareholders' equity increased from the end of year 2021 by 11.23 percent and the interest coverage ratio was at 96.76 times, an increase from end of 2021, due to a decrease in cash flow from operating activities from the previous year of 21.93 percent, but decrease in interest on loan from the previous year of 25.39 percent.



The Corporate Group's current ratio as at December 31, 2022 was at 1.66 times, an increase from the end of year 2021, due to an increase in current assets of 27.95 percent and increase in current liability of 9.88 percent and the quick ratio of 0.58 times, which decreased from the end of year 2021, due to an increase in inventory of 42.99 percent and increase in current liability of 9.88 percent and the cash flow liquidity ratio was 0.56 times, a decrease from end of year 2021, due to the decrease in cash flow from operating activities from the previous year of 21.93 percent.



The Corporate Group's cash cycle as at December 31, 2022 was 43 days, which was equivalent to the end of year 2021, due to the increase in inventory turnover period of 1 day and increases in average collection period of 1 day, but there was an increases in average payable period of 2 days.



The Corporate Group's debt service coverage ratio decreased from 33.37 times as at end of year 2021 to 7.35 times as at December 31, 2022, due to an increase in EBITDA from end of year 2021 of 5.98 percent, but there were decrease in interest on loan from the previous year of 25.39 percent and increase in financial lease liabilities and long-term loan due within one year of 571.12 percent.

The Corporate Group has policy for setting the credit term period as follows.



Debt Collection Period: The credit term period is determined based on the risk assessment on payment by the customer, including contact period, financial position, guarantee and payment history, depending on the situation involving competition and sales promotion during each period of the Corporate Group by specifying the guarantee protection for credit limit as follows.

Risk Probability	Very Low	Low	Medium	High
Credit Term Period	60 days	45 days	30 days	Payment transfer first if no guarantee



Repayment Period: The repayment period is determined based on the type of product and raw material or hiring services, order value and payment conditions from trade discount negotiation.

Work Value	Type and Order Value of Product and Raw Material
Credit Term Period	30 – 60 days

As at December 31, 2022, the Corporate Group's average collection period was 37 days, in line with the established policy and the average repayment period was 13 days, which was less than the established policy, as the Corporate Group made payments for the raw materials on a cash-basis term in order to receive trade discounts.

(5) Debt Obligation

The Corporate Group has established policy to mitigate risk from interest fluctuation by taking long-term loan with fixed interest rate. Currently, the Corporate Group has obligation to comply with the terms and conditions of the loan agreement with commercial bank in the country as follows:

- (5.1) Investment in the machinery installation project for production of fiber cement tiles (NT-11) with loan amount of Baht 300 million with interest rate starting since the first loan installment until September 30, 2023 at a fixed interest rate of 2.10 percent per annum and a loan repayment period within 2 years and 6 months with monthly repayment term and the first loan repayment starting on April 30, 2021. As at December 31, 2022, the outstanding loan balance was Baht 90 million.
- (5.2) Investment in the machinery installation project for production of concrete roof tiles (CT-6) with loan amount of Baht 400 million with interest rate starting since the first loan installment until April 30, 2027 at a fixed interest rate of 3.50 percent per annum and a loan repayment period within 3 years and 6 months with monthly repayment term and the first loan repayment starting on June 30, 2024. As at December 31, 2022, the outstanding loan balance was Baht 60 million.

As at December 31, 2022, the Corporate Group had long-term debt obligations with commercial banks totaling Baht 150 million. Accordingly, the Corporate Group must comply with the terms and conditions stipulated in the loan agreements, which state that the Total Debt to Equity Ratio (D/E Ratio) must not exceed 2 times and the Debt Service Coverage Ratio (DSCR) must not be less than 1.25 times. As at December 31, 2022, the Corporate Group was able to maintain the above financial ratios as stipulated by such loan agreements.

(6) Factors Having Impact on Future Operating Results

The Corporate Group has assessed factors that may impact its operations in the future, which are expected to have long term effects and consistently reviewed its targets and business plan in accordance with such situation, which can be summarized as follows.

- (6.1) **Revenue Aspect:** The Corporate Group has placed this aspect as its first priority, having reviewed the sales target to be in accordance with market potential and searching for new market to increase its sales potential as well as appropriately managing on sales promotion
- (6.2) **Production Cost Aspect:** Impact from supply chain has caused the increase in raw materials and energy prices, continuing to increase the cost of production, which is the external factor that cannot be controlled. Therefore, the Corporate Group needs to manage the problem internally by utilizing production cost management, reducing expenses and delaying unnecessary investment plan, improving and maintaining equipment and machinery to be efficient constantly in order to produce good quality products with competitive cost.
- (6.3) **Innovation Aspect:** The development of automation and robot system, replacing human labor at risky or hazardous areas and repetitive work areas in order to increase work efficiency, resulting in the reduction of production cost, etc.