

Ref. DBP. 024 / 2024

February 14, 2024

Subject : Clarification on Operating Results of Year 2023

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 2023 for the year ended December 31, 2023 as follows.

The net profit of the Corporate Group for Year 2023 was Baht 637.51 million. In comparison with the previous year with the net profit of Baht 625.61 million, the net profit increased by Baht 11.90 million or an increase of 1.90 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, 2023)

(1) Overall Operating Results

The Company and its subsidiary company (together referred to as the “Corporate Group”) have overall operating results for the year 2023 with revenue from sales and services of the Corporate Group totaling Baht 5,631.15 million, which increased from the previous year by 7.62 percent and the net profit of Baht 637.51 million, which increased from the previous year by 1.90 percent.

The Corporate Group had an increase in revenue growth rate from sales and services in every distribution channel. In addition, the management of product mix has contributed to the increase in net profit as compared with the same period of previous year, in spite of the decrease gross profit margin, having resulted from the cost of energy and cost of the main raw materials such as cement and paper pulp, which remained at high level, having increased from the previous year. Nonetheless, the Corporate Group was still able to maintain its operating results in accordance with the established target.

(2) Analysis of Operating Results and Profitability

(2.1) Revenues from Sales and Services

Description	Year 2023		Year 2022		Increase / (Decrease)	
	Million Baht	% of Total Revenue	Million Baht	% of Total Revenue	Million Baht	%
Revenues from Sales	5,111.27	90.51	4,790.28	91.24	320.99	6.70
Revenues from Services	519.88	9.21	442.17	8.42	77.71	17.57
Total Revenue from Sales and Services	5,631.15	99.72	5,232.45	99.66	398.70	7.62
Gain on Sales of Fixed Assets	5.95	0.11	4.27	0.08	1.68	39.34
Gain on Foreign Exchange Rate – Net	2.04	0.04	1.45	0.03	0.59	40.69
Other Income	7.74	0.13	11.88	0.23	(4.14)	(34.85)
Total Other Income	15.73	0.28	17.60	0.34	(1.87)	(10.63)
Total Revenue	5,646.88	100.00	5,250.05	100.00	396.83	7.56

The Corporate Group's total revenue of year 2023 increased from the previous year by 7.56 percent, consisting of:



Revenues from sales were Baht 5,111.27 million, which increased from the previous year by Baht 320.99 million or 6.70 percent, due to the increase in revenues from product sales through group of housing projects of 20.36 percent, from the group of overseas distribution agents of 9.59 percent, from the group of modern trade customers of 6.53 percent and from the group of domestic distribution agents of 2.92 percent.



Revenues from services were Baht 519.88 million, which increased from the previous year by Baht 77.71 million or 17.57 percent, due to the increase in revenue from services of Baht 69.08 million and increase in revenue from transportation of Baht 8.63 million.



Other income totaled Baht 15.73 million, which decreased from the previous year by Baht 1.87 million or 10.63 percent, due to the decrease in other income of Baht 4.14 million, but there were increase in gain on sales of fixed assets of Baht 1.68 million and increase in gain on foreign exchange rate of Baht 0.59 million.

(2.2) Cost of Sales and Services

Description	Year 2023		Year 2022		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Cost of Sales	3,667.11	65.12	3,375.45	64.51	291.66	8.64
Cost of Services	507.77	9.02	454.86	8.69	52.91	11.63
Total Cost of Sales and Services	4,174.88	74.14	3,830.31	73.20	344.57	9.00

The Corporate Group's total cost of sales and services of year 2023 increased from the previous year by 9 percent, consisting of:



Cost of sales was Baht 3,667.11 million, which increased from the previous year by Baht 291.66 million or 8.64 percent, due to the increase in the costs of raw materials and energy, but there was a decrease in product sales volume of 0.54 percent.



Cost of services was Baht 507.77 million, which increased from the previous year by Baht 52.91 million or 11.63 percent, due to the increase in cost of services of Baht 50.04 million and increase in the transportation cost of Baht 2.87 million.

(2.3) Selling and Administrative Expenses

Description	Year 2023		Year 2022		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Selling Expenses	159.72	2.84	144.94	2.77	14.78	10.20
Administrative Expenses	468.28	8.32	451.56	8.63	16.72	3.70
Executives' Remuneration*	64.59	1.15	55.06	1.05	9.53	17.31
Total Selling and Administrative Expenses	692.59	12.30	651.56	12.45	41.03	6.30
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 2023 increased from the previous year by 6.30 percent, consisting of:



Selling expenses were Baht 159.72 million, which increased from the previous year by Baht 14.78 million or 10.20 percent, due to the increase in salary and benefits of the employees of Baht 4.93 million, increase in service expenses of Baht 3.59 million, increase in sales promotion expenses of Baht

2.90 million, increase in travelling expenses of Baht 1.39 million, increase in entertainment expenses of Baht 0.94 million and increase in other expenses of Baht 1.03 million.



Administrative expenses were Baht 468.28 million, which increased from the previous year by Baht 16.72 million or 3.70 percent, due to the increase in salary and benefits of the employees of Baht 11.18 million, increase in depreciation and amortization of Baht 7.73 million, increase in product packaging expenses of Baht 5.01 million, increase in allowance for dead stock of Baht 3.26 million, increase in processing expenses for export products of Baht 1.75 million and increase in electricity expenses of Baht 0.78 million, but there were decrease in service expenses of Baht 6.03 million, decrease in expenses from product claims of Baht 1.64 million, decrease in fuel expenses of Baht 1.35 million, decrease in maintenance expenses of Baht 1.22 million, and decrease in other expenses of Baht 2.75 million.



Management's remunerations were Baht 64.59 million, which increased from the previous year by Baht 9.53 million or 17.31 percent.

(2.4) Profitability

Description	Year 2023		Year 2022		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Revenues from Sales and Services	5,631.15	100.00	5,232.45	100.00	398.70	7.62
Costs of Sales and Services	4,174.88	74.14	3,830.31	73.20	344.57	9.00
GP	1,456.27	25.86	1,402.14	26.80	54.13	3.86
EBITDA	1,065.46	18.92	1,092.23	20.87	(26.77)	(2.45)
EBIT	779.41	13.84	768.19	14.68	11.22	1.46
NP	637.51	11.32	625.61	11.96	11.90	1.90
EPS (Baht per Share) *	0.75		0.73		0.02	1.90
Weighted Average Number of Ordinary Shares (Million Shares) *	855.03		855.03		-	-
Return on Equity (ROE) (%)	25.67%		27.60%		(1.93%)	
Return on Assets (ROA) (%)	16.96%		17.38%		(0.42%)	
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 2023 was Baht 1,456.27 million, an increase from the previous year of Baht 54.13 million or 3.86 percent, due to the increase in revenues from sales and services of 7.62 percent and increase in the cost of sales and services of 9 percent.

Net Profit (NP)

The Corporate Group's net profit and net earnings per share of year 2023 as follows:



The Corporate Group's net profit was Baht 637.51 million, an increase from the previous year of Baht 11.90 million or 1.90 percent, due to the increase in gross profit margin of 3.86 percent, despite increase in selling and administrative expenses of 6.30 percent.



The Corporate Group's net earnings per share was Baht 0.75 per share, an increase from the previous year of Baht 0.02 per share or 1.90 percent, due to increase in net profit of 1.90 percent.

EBITDA



The Corporate Group's EBITDA of year 2023 was Baht 1,065.46 million, a decrease from the previous year of Baht 26.77 million or 2.45 percent, due to the increase in gross profit margin of 3.86 percent, despite the increase in selling and administrative expenses excluding depreciation of 5.50 percent.

Earnings Efficiency



Return on Equity (ROE): The Corporate Group's ROE decreased from 27.60 percent as at end of 2022 to 25.67 percent as at December 31, 2023 or a decrease of 1.93 percent, due to an increase in net profit of 1.90 percent, but there was an increase in average shareholders' equity of 9.57 percent from the previous year.



Return on Assets (ROA): The Corporate Group's ROA decreased from 17.38 percent as at end of 2022 to 16.96 percent as at December 31, 2023 or a decrease of 0.42 percent, due to an increase in net profit of 1.90 percent, but there was an increase in average total assets of 4.41 percent from the previous year.

(2.5) Financial Position

Description	Statement of Financial Position		Increase / (Decrease)	
	As at December 31, 2023	As at December 31, 2022		
	Million Baht	Million Baht	Million Baht	%
Total Assets	3,776.70	3,740.61	36.09	0.96
Total Liabilities	1,196.58	1,353.38	(156.80)	(11.59)
Total Shareholders' Equity	2,580.12	2,387.23	192.89	8.08
Weighted Average Number of Ordinary Shares (Million Shares)*	855.03	855.03	-	-
Book Value (Baht per Share)*	3.02	2.79	0.23	8.24
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, 2023 increased from the end of year 2022 by Baht 36.09 million or 0.96 percent, due to the net increase in fixed assets of Baht 196.36 million, increase in right of use assets of Baht 23.12 million, increase in cash and cash in bank of Baht 3.81 million, increase in intangible assets of Baht 0.67 million and increase in deferred income tax of Baht 0.22 million, but there were net decrease in inventory of Baht 155.61 million, decrease in cash advance payment for purchase of assets of Baht 19.59 million, net decrease in trade accounts receivable and other accounts receivable of Baht 11.74 million and decrease in other current assets and other non-current assets of Baht 1.15 million.



The Corporate Group's total liabilities as at December 31, 2023 decreased from the end of year 2022 by Baht 156.80 million or 11.59 percent, due to the decrease in short-term loan of Baht 239 million, but there were increase in financial lease liabilities of Baht 23.50 million, increase in trade accounts payable and other accounts payable of Baht 4.51 million, increase in long-term loan of Baht 10 million, increase in current income tax payable of Baht 7.52 million, increase in provision for post-employment benefits obligation of Baht 9.05 million and increase in other current liabilities of Baht 27.62 million.



The Corporate Group's total shareholders' equity as at December 31, 2023 increased from the end of year 2022 by Baht 192.89 million or 8.08 percent, due to the increase in net profit of Baht 637.51 million, but there was a dividend payment of Baht 444.62 million, resulting in an increase in share book value from Baht 2.79 per share as at end of year 2022 to Baht 3.02 per share as at December 31, 2023.

(2.6) Cash Flows

Description	Unit: Million Baht	
	Year 2023	Year 2022
Cash Flows from Operating Activities	1,150.49	632.54
Cash Flows used in Investing Activities	(445.03)	(229.57)
Cash Flows used in Financing Activities	(702.87)	(416.12)
Effect of exchange rate changes on cash and cash equivalents	1.22	1.53
Cash Increase (Decrease) – Net	3.81	(11.62)
Cash at the Beginning of the Period	11.38	23.00
Cash at the Ending of the Period	15.19	11.38
CFROE = Cash Flow Return on Equity Increase (%)	45.82%	25.37%



The Corporate Group's net cash from operating activities of year 2023 was Baht 1,150.49 million, which was higher than the net profit before tax by Baht 380.80 million, due to the transactions that did not affect the cash such as depreciation of assets and amortization of Baht 286.05 million, net decrease in inventory of Baht 156.04 million, increase in other current liabilities of Baht 38.22 million, increase in trade accounts payable and other accounts payable of Baht 12.55 million, increase in other non-current liabilities of Baht 9.04 million and net decrease in trade accounts receivable and other accounts receivable of Baht 11.72 million, but there were increase in other non-current assets of Baht 6.02 million, increase in other current assets of Baht 1.93 million and payment of accrued corporate income tax for year 2022 of Baht 34.95 million, payment of mid-year corporate income tax of year 2023 of Baht 82.73 million and payment of withholding tax of Baht 7.19 million.



The Corporate Group's net cash used in investing activities of year 2023 was Baht 445.03 million, due to cash payment for tools and equipment replacement after their useful life of Baht 121.46 million, cash payment for the purchase of machinery for production of concrete roof tiles (CT-6) of Baht 314.09 million, cash advance payment for purchase of assets of Baht 12.39 million and cash payment for intangible assets of Baht 3.24 million, but there were cash received from sale of damaged and unusable assets of Baht 6.09 million and cash received from interest income of Baht 0.06 million.



The Corporate Group's net cash used in financing activities of year 2023 was Baht 702.87 million, due to repayment of short-term loan of Baht 239 million, repayment of long-term loan of Baht 90 million, dividend payment of Baht 444.62 million, repayment of financial lease of Baht 24.27 million and interest payment of Baht 4.98 million, but there was an increase in long-term loan of Baht 100 million.

(2.7) Financial Ratios

Financial Ratios	As at December 31, 2023	As at December 31, 2022
Current Ratio (Times)	1.88	1.66
Quick Ratio (Times)	0.71	0.58
Cash flow Liquidity Ratio (Times)	1.17	0.56
Account Receivable Turnover Ratio (Times)	10.27	9.80
Average Collection Period (Days)	35	37
Inventory Turnover Period (Days)	20	19
Average Payable Period (Days)	15	13
Cash Cycle (Days)	40	43
Total Debt to Equity Ratio (Times)	0.46	0.57
Interest Coverage Ratio (Times)	130.71	96.76
Debt Service Coverage Ratio (Times)	9.74	7.31

(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, 2023 accounted for 15.73 percent of the total assets with 73.71 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. This year, the Corporate Group has bad debt of Baht 0.83 million and already set aside the allowance for doubtful accounts.

(3.2) Inventory and Deterioration or Obsolescence

The Corporate Group's inventory as at December 31, 2023 accounted for 26.72 percent of the total assets, of which 22.35 percent are finished products, 18.99 percent are work in progress, 45.56 percent are raw materials, 6 percent are goods in transits and 7.10 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, 2023 was at 0.46 times, a decrease from end of year 2022, due to the decrease in total liabilities from the end of 2022 of 11.59 percent and the shareholders' equity increased from the end of year 2022 by 8.08 percent and the interest coverage ratio was at 130.71 times, an increase from end of 2022, due to an increase in cash

flow from operating activities from the previous year of 81.88 percent, but increase in interest on loan from the previous year of 32.38 percent.



The Corporate Group's current ratio as at December 31, 2023 was at 1.88 times, an increase from the end of year 2022, due to a decrease in current assets of 9.21 percent and decrease in current liability of 19.72 percent and the quick ratio of 0.71 times, which increased from the end of year 2022, due to a decrease in inventory of 13.36 percent and decrease in current liability of 19.72 percent and the cash flow liquidity ratio was 1.17 times, an increase from end of year 2022, due to the increase in cash flow from operating activities from the previous year of 81.88 percent.



The Corporate Group's cash cycle as at December 31, 2023 was 40 days, a decrease from the end of year 2022 of 3 days, due to the decrease in average collection period of 2 days and increases in average payable period of 2 days, but there was an increase in inventory turnover period of 1 day.



The Corporate Group's debt service coverage ratio increased from 7.31 times as at end of year 2022 to 9.74 times as at December 31, 2023, due to a decrease in financial lease liabilities and long-term loan due within one year of 29.86 percent, despite decrease in EBITDA from end of year 2022 of 2.45 percent and increase in interest on loan from the previous year of 32.38 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, 2023, the Corporate Group's average collection period was 35 days, in line with the established policy and the average repayment period was 15 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, 2023, such loan has already been paid off.
- (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, 2023, the outstanding loan balance was Baht 160 million.

As at December 31, 2023, the Corporate Group had long-term debt obligations with commercial banks totaling Baht 160 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, 2023, 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 revenue outlook for year 2024 could possibly increase at no less than 5 percent from the increase in every distribution channel and the increase in production capacity from the CT-6 and Truss production lines. Although the cost of raw materials has tendency to stabilize and the cost of energy might increase in line with increasing Ft but the selling prices could not be adjusted according to such cost increase, having impact on the gross profit margin. Therefore, the Corporate Group must maintain its growth rate of revenues from sales and services in order to meet its performance target under its strategy, namely **“Build your dream home with DIAMOND”**. Moreover, the Corporate Group has planned to exercise its tax rights for the investment projects in machinery and equipment and computer programs to receive tax credit continuously.