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May 8, 2024

Subject : Clarification on Operating Results for the 1st Quarter ending March 31, 2024

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, 2024 as follows.

The net profit of the Corporate Group for the 1st quarter 2024 was Baht 203.69 million. In comparison with the same period of previous year with the net profit of Baht 177.35 million, the net profit increased by Baht 26.34 million or an increase of 14.85 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

Company Secretary Office

Tel. +66 3622 4171-8 Ext. 314

Fax. +66 3622 4187



DIAMONDBrandOfficial

02 619 2333

www.dbp.co.th

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, 2024)

(1) Overall Operating Results

For the 1st quarter 2024, the total revenue from sales and services of the Company and its Subsidiary (together referred to as the “Corporate Group”) was Baht 1,485.64 million, which decreased from the same period of previous year by 4.04 percent and the net profit in the 1st quarter 2024 was Baht 203.69 million, which increased from the same period of previous year by 14.85 percent.


The Corporate Group had a decrease in revenue growth rate from sales and services due to the decrease in sales volume in line with the consumer purchasing power and strictness in lending by the financial institutions. Nonetheless, the Corporate Group was still able to maintain its cost of sales and services as targeted, and as a result, the Corporate Group achieved an increase in net profit from the previous year.


(2) Analysis of Operating Results and Profitability

(2.1) Revenues from Sales and Services

Description	Year 2024		Year 2023		Increase / (Decrease)	
	Million Baht	% of Total Revenue	Million Baht	% of Total Revenue	Million Baht	%
Revenues from Sales	1,357.28	91.28	1,416.52	91.24	(59.24)	(4.18)
Revenues from Services	128.36	8.63	131.68	8.48	(3.32)	(2.52)
Total Revenue from Sales and Services	1,485.64	99.91	1,548.20	99.72	(62.56)	(4.04)
Gain on Foreign Exchange Rate – Net	-	-	2.87	0.18	(2.87)	(100.00)
Other Revenue	1.30	0.09	1.40	0.10	(0.10)	(7.14)
Total Other Revenue	1.30	0.09	4.27	0.28	(2.97)	(69.56)
Total Revenue	1,486.94	100.00	1,552.47	100.00	(65.53)	(4.22)

The Corporate Group’s total revenue in the 1st Quarter 2024 decreased from the same period of previous year by 4.22 percent, consisting of:

 Revenues from sales were Baht 1,357.28 million, which decreased from the same period of previous year by Baht 59.24 million or 4.18 percent, due to the decrease in revenues from product sales through group of housing project of 16.95 percent, from the group of domestic distribution agents of 5.39 percent and from the group of overseas distribution agents of 0.68 percent, but there were increase in revenues from the group of modern trade customers of 7.40 percent.

 Revenues from services were Baht 128.36 million, which decreased from the same period of previous year by Baht 3.32 million or 2.52 percent, due to the decrease in revenue from services of Baht 0.46 million and decrease in revenue from transportation of Baht 2.86 million.



Other revenue was Baht 1.30 million, which decreased from the same period of previous year by Baht 2.97 million or 69.56 percent, due to the decrease in gain on foreign exchange rate of Baht 2.87 million and decrease in other income of Baht 0.10 million.

(2.2) Cost of Sales and Services

Description	Year 2024		Year 2023		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Cost of Sales	943.34	63.50	1,035.15	66.86	(91.81)	(8.87)
Cost of Services	123.05	8.28	130.64	8.44	(7.59)	(5.81)
Total Cost of Sales and Services	1,066.39	71.78	1,165.79	75.30	(99.40)	(8.53)

The Corporate Group's total cost of sales and services in the 1st Quarter 2024 decreased from the same period of previous year by 8.53 percent, consisting of:



Cost of sales was Baht 943.34 million, which decreased from the same period of previous year by Baht 91.81 million or 8.87 percent, due to the decrease in the costs of raw materials and energy and decrease in product sales volume of 3.48 percent.



Cost of services was Baht 123.05 million, which decreased from the same period of previous year by Baht 7.59 million or 5.81 percent, due to the decrease in cost of services of Baht 3.40 million and decrease in the transportation cost of Baht 4.19 million.

(2.3) Selling and Administrative Expenses

Description	Year 2024		Year 2023		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Selling Expenses	33.08	2.23	36.04	2.33	(2.96)	(8.21)
Administrative Expenses	115.93	7.80	110.37	7.13	5.56	5.04
Management's Remuneration*	16.87	1.14	15.73	1.02	1.14	7.25
Total Selling and Administrative Expenses	165.88	11.17	162.14	10.47	3.74	2.31
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 selling and administrative expenses in the 1st Quarter 2024 increased from the same period of previous year by 2.31 percent, consisting of:



Selling expenses were Baht 33.08 million, which decreased from the same period of previous year by Baht 2.96 million or 8.21 percent, due to the decrease in sales promotion expenses of Baht 3.32 million and decrease in salary and benefits of the employees of Baht 1 million, but there were increase in travelling expenses of Baht 0.38 million, increase in service expenses of Baht 0.89 million and increase in other expenses of Baht 0.09 million.



Administrative expenses were Baht 115.93 million, which increased from the same period of previous year by Baht 5.56 million or 5.04 percent, due to the increase in salary and benefits of the employees of Baht 3.16 million, increase in product packaging expenses of Baht 2.58 million and increase in expenses from product claims of Baht 1.53 million, but there were decrease in maintenance expenses of Baht 1.27 million and decrease in other expenses of Baht 0.44 million.



Management's remunerations were Baht 16.87 million, which increased from the same period of previous year by Baht 1.14 million or 7.25 percent.

(2.4) Profitability

Description	Year 2024		Year 2023		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Revenue from Sales and Services	1,485.64	100.00	1,548.20	100.00	(62.56)	(4.04)
Cost of Sales and Services	1,066.39	71.78	1,165.79	75.30	(99.40)	(8.53)
GP	419.25	28.22	382.41	24.70	36.84	9.63
EBITDA	324.00	21.81	298.54	19.28	25.46	8.53
EBIT	254.66	17.14	224.54	14.50	30.12	13.41
NP	203.69	13.71	177.35	11.46	26.34	14.85
EPS (Baht per Share) *	0.24		0.21		0.03	14.85
Weighted Average Number of Ordinary Shares (Million Shares) *	855.03		855.03		-	-
Return on Equity (ROE) (%)	30.38%		25.67%		4.71%	
Return on Assets (ROA) (%)	21.21%		16.96%		4.25%	
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 in the 1st Quarter 2024 was Baht 419.25 million, an increase from the same period of previous year by Baht 36.84 million or 9.63 percent, due to the decrease in cost of sales and services of 8.53 percent, despite the decrease in revenues from sales and services of 4.04 percent.

Net Profit (NP)

The Corporate Group's net profit and net earnings per share in the 1st Quarter 2024 as follows:



The Corporate Group's net profit was Baht 203.69 million, the increase from the same period of previous year by Baht 26.34 million or 14.85 percent, due to the increase in gross profit margin of 9.63 percent and decrease in interest paid of Baht 2.79 million (due to the adjustment of the hire purchase interest of right of use assets, which was recorded higher by Baht 1.30 million in year 2023), despite the increase in selling and administrative expenses of 2.31 percent.



The Corporate Group's net earnings per share was Baht 0.24 per share, an increase from the same period of previous year of Baht 0.03 per share or 14.85 percent, due to the increase in net profit of 14.85 percent.

EBITDA



The Corporate Group's EBITDA in the 1st Quarter 2024 was Baht 324 million, an increase from the same period of previous year by Baht 25.46 million or 8.53 percent, due to the increase in gross profit margin of 9.63 percent, despite the increase in selling and administrative expenses excluding depreciation of 2.70 percent.

Earnings Efficiency



Return on Equity (ROE): The Corporate Group's ROE increased from 25.67 percent as at end of year 2023 to 30.38 percent as at March 31, 2024 or an increase of 4.71 percent, due to an increase in annualized projected annual net profit of 27.81 percent, but there was an increase in average shareholders' equity of 7.98 percent from the previous year.



Return on Assets (ROA): The Corporate Group's ROA increased from 16.96 percent as at end of year 2023 to 21.21 percent as at March 31, 2024 or an increase of 4.25 percent, due to an increase in annualized projected annual net profit of 27.81 percent, but there was an increase in average total assets of 2.22 percent from the previous year.

(2.5) Financial Position

Description	Statement of Financial Position		Increase / (Decrease)	
	As at March 31, 2024	As at December 31, 2023		
	Million Baht	Million Baht	Million Baht	%
Total Assets	3,907.43	3,776.70	130.73	3.46
Total Liabilities	1,123.62	1,196.58	(72.96)	(6.10)
Total Shareholders' Equity	2,783.81	2,580.12	203.69	7.89
Weighted Average Number of Ordinary Shares (Million Shares)*	855.03	855.03	-	-
Book Value (Baht per Share)*	3.26	3.02	0.24	7.95
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, 2024 increased from the end of year 2023 by Baht 130.73 million or 3.46 percent, due to a net increase in trade accounts receivable and other accounts receivable of Baht 129.54 million, increase in fixed assets of Baht 70.91 million, increase in cash and cash in bank of Baht 13.03 million, increase in intangible assets of Baht 1.24 million and increase in other current assets of Baht 2.56 million, but there were net decrease in inventory of Baht 49.45 million, decrease in cash advance payment for purchase of assets of Baht 33.63 million, decrease in right of use assets of Baht 2.28 million and decrease in deferred income tax of Baht 1.19 million.



The Corporate Group's total liabilities as at March 31, 2024 decreased from the end of year 2023 by Baht 72.96 million or 6.10 percent, due to the decrease in short-term loan of Baht 154.03 million, decrease in provision for post-employment benefits obligation of Baht 3.37 million, decrease in financial lease liabilities of Baht 2.52 million and decrease in other current liabilities of Baht 9.42 million, but there were increase in current income tax payable of Baht 49.75 million and increase in trade accounts payable and other accounts payable of Baht 46.63 million.



The Corporate Group's total shareholders' equity as at March 31, 2024 increased from the end of year 2023 by Baht 203.69 million or 7.89 percent, due to the increase in net profit of Baht 203.69 million, resulting in an increase in share book value from Baht 3.02 per share as at end of year 2023 to Baht 3.26 per share as at March 31, 2024.

(2.6) Cash Flows

Description	Unit: Million Baht	
	Year 2024	Year 2023
Cash Flows from Operating Activities	288.09	393.00
Cash Flows used in Investing Activities	(115.05)	(77.39)
Cash Flows used in Financing Activities	(160.48)	(309.55)
Effect of exchange rate changes on cash and cash equivalents	0.47	1.11
Cash Increase (Decrease) – Net	13.03	7.17
Cash at the Beginning of the Period	15.19	11.38
Cash at the Ending of the Period	28.22	18.55
CFROE = Cash Flow Return on Equity Increase (%)	42.97%	45.82%



The Corporate Group's net cash from operating activities in the 1st Quarter 2024 was Baht 288.09 million, which was higher than the net profit before tax by Baht 33.46 million, due to the transactions that did not affect the cash such as depreciation of assets and amortization of Baht 69.34 million, increase in trade accounts payable and other accounts payable of Baht 58.45 million and net decrease in inventory of Baht 49.30 million, but there were net increase in trade accounts receivable and other accounts receivable of Baht 127.73 million, increase in other current assets of Baht 2.12 million, decrease in other current liabilities of Baht 10.42 million and decrease in non-other current liabilities of Baht 3.36 million.



The Corporate Group's net cash used in investing activities in the 1st Quarter 2024 was Baht 115.05 million, due to cash payment for tools and equipment replacement after their useful life of Baht 6.56 million, cash payment for the purchase of machinery for production of concrete roof tiles (CT-6) of Baht 106.91 million and cash payment for intangible assets of Baht 1.58 million.



The Corporate Group's net cash used in financing activities in the 1st Quarter 2024 was Baht 160.48 million, due to repayment of short-term loan of Baht 154.03 million, repayment of financial lease of Baht 5.86 million and interest payment of Baht 0.59 million.

(2.7) Financial Ratios

Financial Ratios	As at March 31, 2024	As at December 31, 2023
Current Ratio (Times)	2.08	1.88
Quick Ratio (Times)	0.92	0.71
Cash flow Liquidity Ratio (Times)	1.36	1.17
Account Receivable Turnover Ratio (Times)	9.84	10.27
Average Collection Period (Days)	37	35
Inventory Turnover Period (Days)	18	20
Average Payable Period (Days)	17	15
Cash Cycle (Days)	38	40
Total Debt to Equity Ratio (Times)	0.40	0.46
Interest Coverage Ratio (Times)	255.50 *	130.71
Debt Service Coverage Ratio (Times)	16.79	9.74

Remark: * Excluding the interest paid from the adjustment of the hire purchase interest of rights of use assets which was recorded higher in year 2023 by Baht 1.30 million.

(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 March 31, 2024 accounted for 18.52 percent of the total assets with 81.43 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.

(3.2) Inventory and Deterioration or Obsolete

The Corporate Group's inventory as at March 31, 2024 accounted for 24.56 percent of the total assets, of which 19.32 percent are finished products, 25.23 percent are work in progress, 46.82 percent are raw materials, 1.54 percent are goods in transits and 7.09 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 March 31, 2024 was at 0.40 times, a decrease from end of year 2023, due to the decrease in total liabilities from the end of year 2023 of 6.10 percent and the shareholders' equity increased from the end of year 2023 by 7.89 percent and the interest coverage ratio was at 255.50 times, an increase from end of year 2023, due to an increase in annualized cash flow from operating activities from the previous year of 0.16 percent and decrease in annualized interest on loan from the previous year of 45.17 percent.



The Corporate Group's current ratio as at March 31, 2024 was 2.08 times, an increase from the end of year 2023, due to an increase in current assets of 5.89 percent and decrease in current liability of 4.31 percent and the quick ratio of 0.92 times, which increased from the end of year 2023, due to a decrease in inventory of 4.90 percent and decrease in current liability of 4.31 percent and the cash flow liquidity ratio was 1.36 times, an increase from end of year 2023, due to an increase in annualized cash flow from operating activities from the previous year of 0.16 percent.



The Corporate Group's cash cycle as at March 31, 2024 was 38 days, a decrease from the end of year 2023 of 2 days, due to the decrease in inventory turnover period of 2 days and increases in average payable period of 2 days, but there were increase in average collection period of 2 days.



The Corporate Group's debt service coverage ratio increased from 9.74 times as at end of year 2023 to 16.79 times as at March 31, 2024, due to an increase in annualized EBITDA from end of year 2023 of 21.64 percent, decrease in financial lease liabilities and long-term loan due within one year of 22.62 percent and decrease in annualized interest on loan from the previous year of 45.17 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 March 31, 2024, the Corporate Group's average collection period was 37 days, in line with the established policy and the average repayment period was 17 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 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 March 31, 2024, the outstanding loan balance was Baht 160 million.

As at March 31, 2024, 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 March 31, 2024, 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

As for the 2nd Quarter of 2024, should the overall market demand for construction materials continue to decrease from the 1st quarter of 2024, it will result in a decrease in revenue growth from sales and services and the Corporate Group will commence commercial operation for the CT-6 and Truss-2 production lines, which will increase its production capacity. Accordingly, the target customer groups are housing projects and overseas distribution agents. Therefore, the Corporate Group must manage the risk concerning product demand and control its costs to meet the 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, also including the CT-6 and Truss-2 production lines, to continue to receive the tax credits.