



# M.C.S. STEEL PUBLIC COMPANY LIMITED

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( Translation )

Ref. No. MCS 014/2019  
August 9,2019

Subject : Management Discussion and Analysis of Q2/2019

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 2/2019 periods ended 30 June 2019 that reviewed by the Independent Auditor , details are as followings ;

1. In Q2/2019, the company's Profit was 118.42 Million Baht , a increase of 51.31 Million Baht or 76.45% from same period of last year. (The profit in the separate financial statements was 116.89 Million Baht).
2. In Q2/2019, the company's gross profit in the separate financial statements was 225.60 Million Baht , a decrease of 60.91 Million Baht or 21.25% from same period of last year . if included the gross profit from subsidiary companies it will be 245.18 Million Baht ,a decrease of 59.77 Million Baht.
3. In Q2/2019, the company's sale revenue was 925.12 Million Baht, a decrease 14.88 Million Baht or 1.58% from same period of last year which was the sale revenue in the separate financial statements 852.14 Million Baht ,a decrease of 51.65 Million Baht or 5.72%.

## **Management Discussion and Analysis of Q2/2019**

- 1) In Q2/2019, the company's Profit was 116.89 Million Baht which delivery work was 12,255 tons that included
  - a. Export works was 8,003 tons.(included from MCS Xiamen around 1,385 tons )
  - b. Domestic works ( AOT project ) was 4,252 tons.

Due to the delivery work of quarter 2/2019 from MCS Thai decreased around 1,599 tons or 11.54% from same period of last year. And in the quarter 2 of 2019, there was a delivery of work (AOT project) which had a low selling price and margin. But the remaining income for this will be recognized by 1,370 tons that after now we can foresee a continuing pick up for our profit.

If included the sale revenue from subsidiary companies, it will be 925.12 Million Baht ,a decrease of 14.88 Million Baht.



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- 2) In Q2/2019, Cost for sales of goods from MCS (Thai) increased by 9.26 Million Baht from same period of last year due to quarter 2/2019 the transportation expense from subsidiary companies record as cost for sales of goods but in quarter 2/2018 these expenses record as the selling expenses.

And if included the subsidiary companies ,cost for sales of goods was 679.94 Million Baht ,a increase of 44.90 Million Baht.

- 3) In Q2/2019, the Selling expenses decreased by 55.98 Million Baht which was due to
  - a. Decreased the export work and the same reason of No. 2.

The Administrative expenses decreased by 42.33 Million Baht which was due to the company reserved of employees 's bonus for M.C.S. Steel for the operation of six months in each quarter but for 2018 the company reserved of employees 's bonus for the operation of six months only in quarter 2/2018 and the administrative expenses decreased.

- 4) At 30 June 2019, Inventories was 1,327.87 Million Baht , a increased by 213.46 Million Baht from 31 December 2018 which was the raw materials for quarter3-quarter4 of 2019 and inventories that was waiting to delivery in Q3/2019.
- 5) At 30 June 2019, Property, plant and equipment was 1,336.32 Million Baht ,a decreased by 20.96 Million Baht from 31 December 2018 due to the depreciation of this quarter.
- 6) In Q2/2019, Finance costs decreased by 0.58 Million Baht.

As stated as above No.1 - 3 , In Q2/2019, the. company's profit in Consolidated financial statements was 118.42 Million Baht.

Yours Sincerely

( Dr.Naiyuan Chi )  
Chief Executive Officer