

BKK.MD. 012/2019

Head Office

10<sup>th</sup> May 2019

Subject : Management Discussion and Analysis of first quarter of 2019

To : The Director and Manager  
The Stock Exchange of Thailand

**Analyze of company performance of first quarter in 2019**

Southern Concrete Pile Public Company Limited (the company hereafter) performance in the first quarter of 2019 compared to the first quarter of the previous year was as follows:

**Overall performance**

The company's revenue in the first quarter increased to 497.803 million Baht, which of sales and service revenue 490.871 million Baht and other income 6.932 million Baht. These were mainly from the major projects that the company was awarded.

The costs of goods sold of sale and services was 353.953 million Baht. The selling and administrative expense was 54.939 million Baht. Therefore, the company's gross profit increased to 136.918 million Baht. However, the net profit decreased to 69.879 million Baht and earnings per share of 0.23 Baht. The first quarter net profit decreased from the previous year was due to lower selling prices and higher depreciation costs in the new spun pile factory.

Thousand Baht		YEAR				YoY	
		Q1/2019	%	Q1/2018	%	+ / -	%
Revenue	Revenue from sales	354,375	72.19%	338,292	75.07%	16,083	4.75%
	Revenue from rendering of services	136,496	27.81%	112,357	24.93%	24,139	21.48%
	Total Revenue	490,871	98.61%	450,649	98.09%	40,222	8.93%
Other income		6,932	1.39%	8,792	1.91%	(1,860)	(21.16%)
	Total Revenue	497,803	100.00%	459,441	100.00%	38,362	8.35%
Cost	Cost of sales	259,698	73.28%	240,736	71.16%		2.12%
	Cost of services	94,255	69.05%	77,937	69.37%		(0.32%)
	Total Cost of sales and rendering of services	353,953	72.11%	318,673	70.71%		1.40%
	Gross Profit	136,918	27.89%	131,976	29.29%		(1.40%)
Selling and administrative expenses		54,939	11.04%	47,006	10.23%		0.81%
Profit before interest & tax		88,911	17.86%	93,762	20.41%		(2.55%)
Finance costs		880	0.18%	732	0.16%		0.02%
Income tax		18,152	3.65%	17,975	3.91%		
Net profit for the period		69,879	14.04%	75,055	16.34%		
EBITDA		106,808		109,385			
Basic earnings per share (Baht)		0.23		0.25			

### **Total income of first quarter in 2019**

The company had the total income of 497.803 million Baht increased by 8.35% YoY. The total income consisted of income from sales of 354.375 million Baht, increased by 4.75% YoY, income from service of 136.496 million Baht, increased by 21.48% YoY and other incomes of 6.932 million Baht, decreased by 21.16% YoY. The other incomes consisted of interest income 2.634 million Baht, unrealised gain in short term investment 2.727 million Baht, bad debt receipt of 0.852 million Baht, and others 0.719 million Baht. Some major projects the company has been awarded are:

- Yellow Line MRT (Ladprao-Samrong)
- GIS 500 KVA Substation, Koh-kaew, Muang, Phuket
- Metadee Resort and Villas Hotel, Karon, Phuket
- BST Expansion Project, Map Ta Phut, Rayong
- KW Plaza, Kata Phuket
- Flood Mitigation Project phrase 2, Suratthani
- 115 Kv, Pattani
- PTT Lubricant Distribution Centre
- Hilton, Phuket
- Dam Erosion Protection, Klong Tum Nan, Phattalung
- Bearing Unit Connecting between Kanchanapichet Road to Phuttamonton 2 ect.

### **Cost and Expenses**

The total cost of goods sold and services to the income of the first quarter 2019 was at 353.953 million Baht, increased by 1.40% YoY to 72.11%. The cost of goods sold in sales was at 259.698 million Baht, increased by 2.12% YoY, mainly from competitive market which led to lower sale prices and higher depreciation cost from the new spun pile factory investment. The cost of goods sold in service was at 94.255 million Baht, decreased by 0.32% YoY. This was mainly from higher service income by 21.48%. These led to the gross profit was at 136.918 million Baht or as percentage decreased by 1.40% YoY to 27.89%.

The selling and administrative expenses in the first quarter of 2019 increased 0.81% YoY to 11.04%. This was from the new adjusted distributed expense estimate to avoid the heavy adjustment effect in the last quarter.

### **Profit**

According to the above performance, the company had the net profit (after deduction of income tax) of 69.879 million Baht or 14.04% of revenue (net profit to revenue percentage increased by 2.30% YoY), earnings per share of 0.23 Baht, EBITDA of 106.808 million Baht and retained earnings had increased to 1,699.702 million Baht.

### Statements of Financial Position

As of 31 March 2019, the company had the total asset of 2,471.342 million Baht increased by 122.841 million Baht partly from the increase of cash and short-term investment of 103.700 million Baht, fixed asset of 18.711 million Baht. The fixed asset was higher from the machine addition and improvement and the addition of spun pile production line which to be complete in 2018.

The total liabilities increased by 55.552 million Baht to 442.767 million Baht. This was mainly from the trade account payable and other current liabilities of 39.189 million Baht from the stocking up the raw materials and income tax payable of 16.301 million Baht and finance lease liabilities decreased by 1.554 million Baht.

### Statements of Cash Flows

As of 31 March 2019, the company had cash and cash equivalents increased to 319.645 million Baht from 216.529 million Baht. This was from the cash from operation of 137.293 million Baht, deducting the investment in investing activities of 49.122 million Baht and investment in financing activities of 1.701 million Baht. Then, the value plus the net cash as of 1 January 2019 of 233.175 million Baht. The increase in the net cash was from the operating addition of 86.47 million Baht.

### Financial Ratios

Financial Ratios	Q1/2019	Q1/2018
Current Ratio (times)	4.46	3.95
Cash Cycle (Day)	94.98	94.90
Return on Equity (%)	3.56	4.00
Return on Assets (%)	2.90	3.32
Debt to Equity (times)	0.23	0.25

From the above ratio, the company still has a good ability to pay its short-term debt. The ROE, ROA and D/E ratio considered in the good condition compared to the other companies in the same industry.

Yours Sincerely,

(Ms.Arune Nganthavee)

Managing Director