



MILL 009/2014

February 28, 2014

Subject : Management's Discussion and Analysis for the operating results of the year 2013

Attention : President

The Stock Exchange of Thailand

Millcon Steel Public Company Limited would like to inform you the operating results of the Company and subsidiaries (collectively called the "Company") for the year 2013 as follow

#### 1. Analyst Statement of comprehensive Income of Year 2013 (Compared to Last year's)

The Company's revenues from sales of goods and services in year 2013 was Baht 13,811.39 million, decreased Baht 2,645.66 million or by 16.08%, compared to year 2012. The sales volume decreased 14.68%. The Company had been running test of Special Grade Steel Product which had effected that the Company could not produce at its maximum capability. The test is expected to be completed in Q2 of Year 2014. Moreover, the economic situation of Thailand was in slowing down due to political issues. However, the Company still has many order backlogs, mostly, to governmental construction project approved last year, for instance, ongoing many mass transit railway construction projects.

The Company's gross profit margin of Year 2013 was 6.93%, increased from last year 0.74%, due to the Company had always improved and maintenance its machineries which help to reduce the cost of produce and increase to the gross profit.

The Company's net profit of Year 2013 was Baht -114.00 million, decreased by 179.51% compared to last year's Baht 143.39 million. The causes were by decreasing in volume of sales, as explained above. Second by Financial cost increased Baht 89.63 million, compared to last year's. Nevertheless, the cost in sales and management of the Company was Baht 406.56 million, decreased Baht 21.73 Million or by 5.07% compared to last year's, presented that the Company's controlling and managing the costs were better.

#### 2. Analyst the statement of financial position of December 31, 2013 and compare to statement of financial position of December 31, 2012

The Company and its subsidiaries' statement of financial position of December 31, 2013 when compared to of December 31, 2012 explained as follows:



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MILLCON STEEL PUBLIC COMPANY LIMITED

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The Company and its subsidiaries' Total Assets of December 31, 2013 and of December 31, 2012 was Baht 13,858.45 million and Baht 13,891.65 million, respectively, decreased Baht 33.21 million or by 0.24% due to the Company's current asset decreased by two major causes. First, its Trade Receivable account decreased because of the more efficiency managing. Second, its Inventories Balance decreased due to the Company had used the plant, shortly in Year 2013, to running manufacturing test of Special Grade steel product. Otherwise caused by the increasing of the value of the company's lands, buildings and equipment following the newly adjustment to their market price and also caused by buying the new machines and equipment for improving the capability of manufacturing.

Considering between Current Ratio of the end of December 31, 2013 was 0.64 and of December 31, 2012 was 0.67, presented that the Company could maintain the pitch of ratio. And considering D/E ratio of Year 2013 and 2012 which was 2.95 and 3.22, respectively, presented that the ratio was improved because of the good controlling and managing debt.

Kindly be informed accordingly

Yours sincerely,

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(Phatnaree Thitiariyakul)

Director