



บริษัท มิลล์คอน สตีล จำกัด (มหาชน)

MILLCON STEEL PUBLIC COMPANY LIMITED

MILL 013/2016

May 13, 2016

**Subject:** Management's Discussion and Analysis Quarter 1 Ending 30 March 2016

**Attention:** President

The Stock Exchange of Thailand

#### Steel industry overview in quarter 1 of 2016

In quarter 1, 2016, the steel price in local market had raised from market mechanism and inline with the upward tendency of world's steel price, Government had allocated the budget 2016 to infrastructure project and various stimulus package to bring back private investment increased from announced previous year. As a result to the steel demand in Thailand had increased because finished steel consumption is at 4.28 million tons, increased 1.98% from previous year. For long products, the consumption were at 1.69%, increased 7.76% from previous year. Consist of steel bar 1.08 million tons, increased by 16.66%, but wire rod were at 0.56 million tons, decreased 5.58%. For flat products had consumption at 2.59 million tons, decreased 1.5 from previous year.

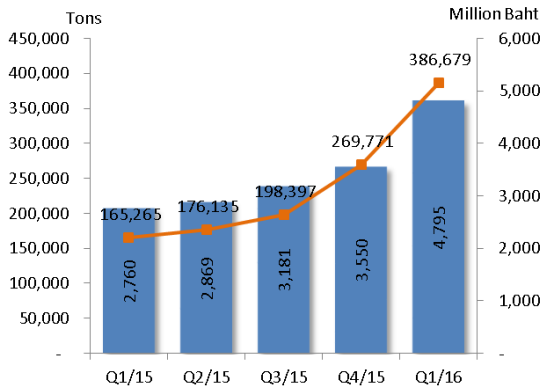
#### Performance summary

Transaction	Q1'2016	Q1'2015	YoY	
	Million Baht	Million Baht	Million Baht	%
Total Revenues	5,242	2,952	2,291	77.61
Revenues from sale and services	4,795	2,760	2,035	73.74
Cost of sale and services	4,505	2,547	1,958	76.88
<b>Gross profit</b>	<b>290</b>	<b>213</b>	<b>77</b>	<b>36.24</b>
SG&A	241	113	128	113.65
<b>EBITDA</b>	<b>548</b>	<b>345</b>	<b>202</b>	<b>58.54</b>
Cost of financial	150	163	(13)	(8.10)
<b>Net profit</b>	<b>337</b>	<b>131</b>	<b>206</b>	<b>157.51</b>
Earning per share	0.10	0.04		



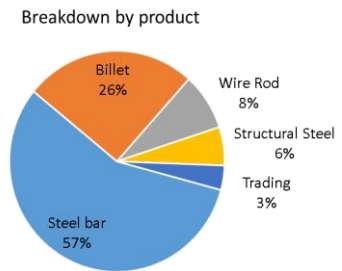
### Management's Discussion and Analysis

In quarter 1' 2016, the Company had total revenues in the amount of 5,242 million baht, increased 77.61 from previous year from revenues from sale and services in the amount of 4,795 million baht because the Company group produce and distribute steel bar and billet increase 1,301 million baht, or by 49.03% compare with quarter 1 in 2015, structural steel in the amount of 270 million baht, increased



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amount of 400 million baht which produce from Koelko millcon steel Co., Ltd. In addition to, the Company had special profit from changing the proportion of share held from subsidiary to associate in the amount 386 million baht. For gross profit, the Company had gross profit in the amount of 290 million baht, increased in the amount of 77 million baht, or by 36.24% from the same previous. However, the Company had trading greatly increased from previous year, as a result to gross profit margin was at 6.1%.

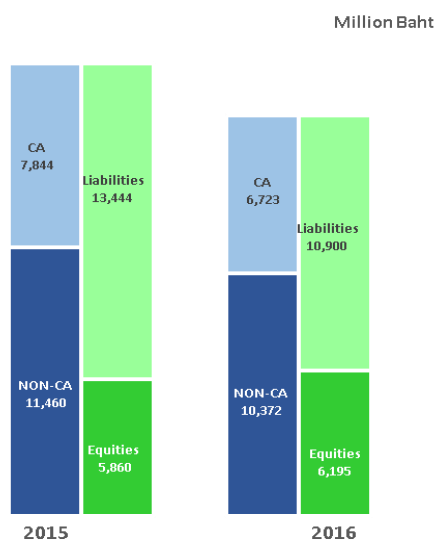


For expenses from operation in the amount of 241 million baht, increased 113.65% cause from logistic expenses increased as revenues from sale. In addition to, the Company has shutdown cost and subsidiaries' other expenses approximate 50 million baht. Because the Company was testing to produce special grade steel for sale to Kobelco Millcon Steel Co., Ltd.

However, the good management as a result to the Company had financial cost decreased from 163 million baht in quarter 1, 2015 to 150 million baht in quarter 1, 2016

From operation the above, as a result to the Company had net profit in the amount of 337.39 million baht, increased 159.41% from previous year.

### Statement of Financial Position



The changing proportion of share held from subsidiary to associate as a result to the Company had total assets in the amount of 17,095 million baht, decreased in the amount of 2,209 million baht cause from the separate list assets in subsidiary. While, the Company has total liabilities in the amount of 10,900 million baht, decreased in the amount 2,544 million baht from previous year. For equities in the amount of 6,195 million baht, increased in the amount of 337 million baht, or by 5.72% from net profit was increased, as a result to debt to equities decreased from 2.29 time in 2015 to 1.75 time in this quarter and interest bearing debt is 1.29 time.



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Please be inform accordingly,

Yours sincerely,

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(Ms. Jureerat Lapanavanich)

Director