



MILL 017/2016

August 10, 2016

**Subject:** Management's Discussion and Analysis Quarter 2 Ending 30 June 2016

**Attention:** President

The Stock Exchange of Thailand

#### Economics overview

Thailand's economics had growth 3.2% in quarter 1, 2016 resulting from estimation of the economics' growth in Thailand will have revised. The support factors are the government's infrastructure projects such as Mass Rapid Transit and Expressway etc. Due to steel consumption will increase in 2<sup>nd</sup> half of 2016.

The industrial production still growth from previous year especially in the auto part maker will expand the factories as a result of the special steel consumption is in an uptrend.

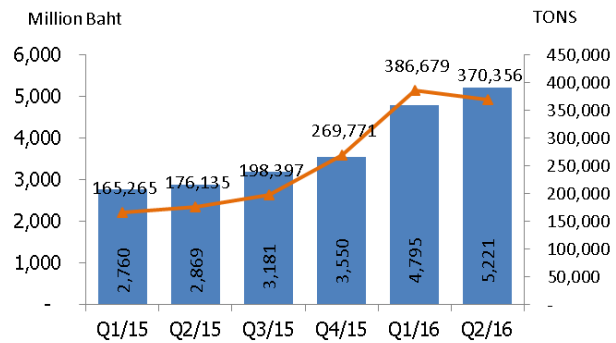
#### Performance summary

Transaction	Q2'2016	Q2'2015	YoY	
	Million Baht	Million Baht	Million Baht	ร้อยละ
Total revenues	5,230	2,992	2,238	75%
Revenues from sales and services	5,221	2,869	2,352	82%
Cost of sales and services	4,653	2,654	1,999	75%
Gross profit	568	214	239	71%
SG&A	166	112	54	49%
EBITDA	503	282	221	78%
Cost of financial	145	175	(30)	(17%)
Net profit	298	49	250	514%
Earnings per share	0.08	0.01		

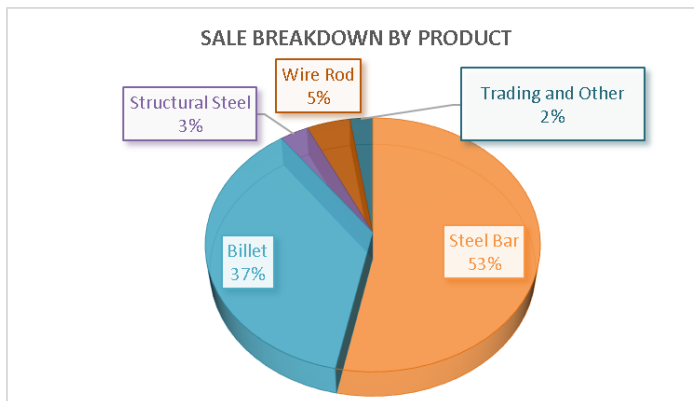


### Management's Discussion and Analysis

The operation in quarter 2, 2016, the company had sale of goods and services in the amount of 5,221 million baht that increased 47% and 9% from quarter 4, 2015 and quarter 1, 2016 respectively. As the result of sale volume increased 370,356 Ton in quarter 2' 2016 that consist of steel bar 53%, billet 37% and wire rod 5% due to steel consumption increase from infrastructure project.



Sale volume of wire rod improved post the announcement of permanent antidumping measures by government



of Thailand due to wire rod's price in Thailand market increased.

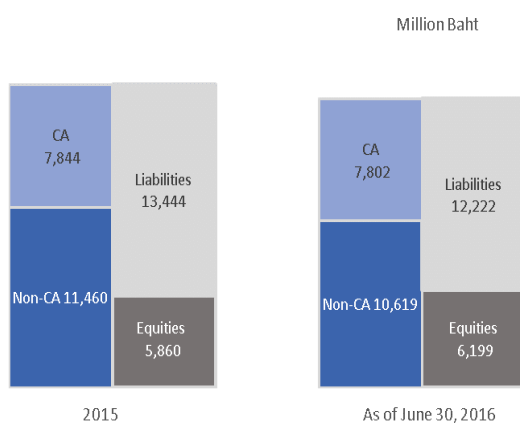
Gross profit margin in quarter 2, 2016 was at 11% increased from 7% in previous year as a result of smooth operation.

SG&A were at 166 million baht, increased 49% from previous year. Cause from transportation expenses had increased in line

with the sale volume. Financial cost in quarter 2, 2016 was at 145 million baht, decreased 17% from previous year which has liquidate of finance institutes under agreement.

From the above reasons, net profit was at 298 million baht, increased 250 million baht or 514% from previous year which had net profit was at 49 million baht. EBITDA was at 503 million baht increased from 282 million baht in quarter 2, 2015.

### Statement of Financial Position



For total assets as of June 30, 2016, The Company's inventories increased 966 million baht or 42% from previous year resulting from back to back policy which the company will order raw materials matching with the orders from customers. Property, plant and equipment had decreased 1,461 million baht or by 14% cause from the separate list assets in associated company. While, the Company has total liabilities in the amount of 12,220 million baht, decreased 1,196 million baht or 9% from previous year that resulting from the company repay loans to



บริษัท มิลล์คอน สตีล จำกัด (มหาชน)

MILLCON STEEL PUBLIC COMPANY LIMITED

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financial institution. Equities were at 6,201 million baht, increased 381 million baht or .....% from previous year resulting from the company's operations.

Please be inform accordingly,

Yours sincerely,

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(Ms. Jureerat Lapanavanich)

Director