



MILL 023/2016

November 11, 2016

Subject: Management's Discussion and Analysis Quarter 3 Ending 30 November 2016

Attention: President

The Stock Exchange of Thailand

Millcon Steel Public Company Limited ("the Company") would like to inform the Company's performance for quarter 3 ending 30 November 2016. The details are as follow;

Economic Overviews

In quarter 3, 2016, Thai economy grew gradually from government spending which mostly invested in transportation projects, while private investment remained when compared with the same period of last year. However, the continued spending of government in many projects led to a growth in private investment.

For the economic outlook in 2017, the ongoing & new construction projects of government will remain key drivers of the economic growth in Thailand. Moreover, automotive industry is expected to recover, supported by an increase in exports to AEC.

During 9 months of 2016, steel consumption in Thailand increased by 11% compared with the same period of previous year. The consumption of long steel product was of 5.62 million tons, shrinking by 14% YoY and also flat steel product consumption was of 8.81 million tons, increasing by 9% YoY, as a result of the steel demand expansion which was mainly driven by government construction projects. The demand of bar steel and wire rod increased by 20% and 5% respectively when compared to the same period of last year.

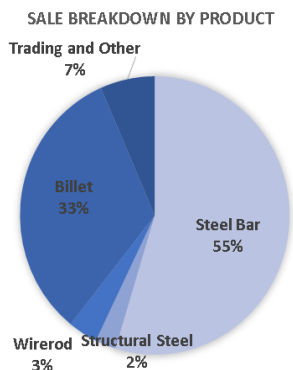
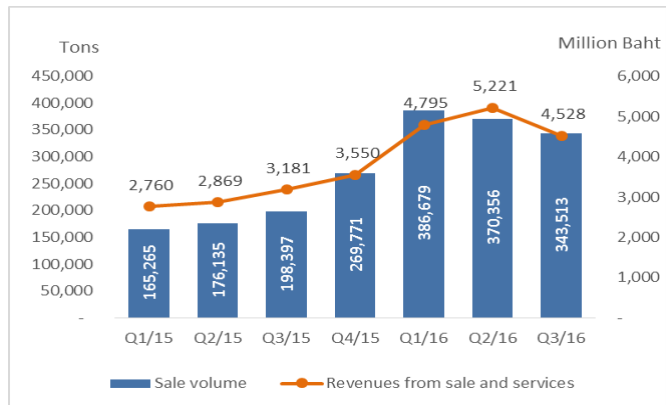
Performance summary

Transaction	Q3/2559	Q3/2558	9M' 2559	9M' 2558	Q3 (YoY)		9M (YoY)	
	MB	MB	MB	MB	+/- MB	%	+/- MB	%
Total revenues	4,535.57	4,235.07	15,042.30	10,144.27	300.49	7%	4,898.03	48%
Revenues from sale and services	4,527.84	3,181.06	14,544.56	8,810.03	1,346.78	42%	5,734.54	65%
Cost of sales and services	4,134.98	2,952.91	13,291.96	8,154.19	1,182.07	40%	5,137.76	63%
Gross profit	392.86	228.15	1,252.61	655.83	164.71	72%	596.77	91%
SG&A	188.45	200.71	562.14	406.76	- 12.26	-6%	155.38	38%
Financial cost	151.55	142.44	446.33	480.12	9.11	6%	- 33.79	-7%
EBITDA	259.13	1,103.24	1,294.24	1,729.78	- 844.12	-77%	- 435.54	-25%
Operating EBITDA	259.13	123.76	876.49	595.43	135.37	109%	281.06	47%
Net Profit	51.31	706.16	688.25	884.77	- 654.85	-93%	- 196.52	-22%
Operating Net Profit	51.31	- 273.32	270.50	- 249.57	324.63	119%	520.07	208%



Management's Discussion and Analysis

For the operation in quarter 3, 2016 (July – September), the company's revenue from sale activity was of 4,527.84 million baht, increased by 42% QoQ. Although steel consumption in Thailand declined compared with the same period of previous year, the company's sale volume continued to expand of 147,812 tons or 76% QoQ.

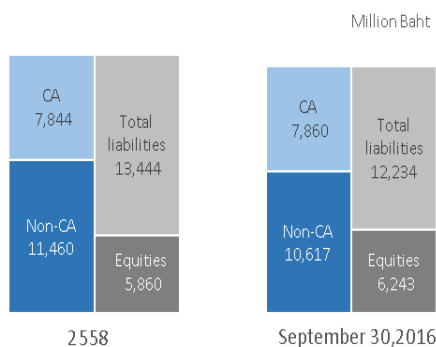


In quarter 3, 2016, the company had cost of sale and services rose by 40% but the cost per revenue in from sale and services ratio was lower than previous year due to improving performance of operating production and machines. As a result, gross profit margin raised to 9%

SG&A was of 188 million baht, decreased by 6% QoQ while Operating EBITDA was of 259 million baht, dramatically increased by 109%. Operating net profit was of 51 million baht, shirked by 119%

For the 9-month performance of 2016, total sale volume was of 1.1 million tons, considerably rose by 105%. The company generated higher revenues than the same period of last year, which was around 14,555 million baht, increased by 65%. Net profit was of 693 million baht which was net operating profit around 270 million baht, noticeably increased 208%

Statement of Financial Position



As of September 30, 2016, the inventory increased 1,141 million baht or 50% increase compared with the end of September 2015, due to purchasing raw materials for production based on orders from customers. Property, plant and equipment was at 9,349 million baht, decreased 1,208 million baht or 11% of total asset, as a result of separating assets of an associated company.

Total liabilities was amount of 12,233 million baht. Short-term loan declined 2,184 million baht from previous year owing to repayment. The trade account payable raised 1,025 million baht because of purchasing raw materials for production. Equities was at 6,243 million baht, increased by 425 million baht from operating.



บริษัท มิลล์คอน สตีล จำกัด (มหาชน)

MILLCON STEEL PUBLIC COMPANY LIMITED

Please be inform accordingly,

Yours sincerely,

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(Ms. Jureerat Lapanavanich)

Director