



MILL 029/2017

November 14, 2017

Subject: Management's Discussion and Analysis of quarter 3, 2017, Ending 30 September 2017

Attention: President

The Stock Exchange of Thailand

Millcon Steel Public Company Limited ("the Company") would like to notify the Company's and its affiliates' performance of quarter 3, 2017, Ending 30 September 2017, which are verified by auditors approved by the office of SEC, and which are also approved by the Board of Directors of the Company. The details are as follow;

**ภาพรวมเศรษฐกิจ**

Thai economy of quarter 3, 2017 continually growth, according to increasing of production for export and investment trend is improve. However, real estate industry was limited to expand in some areas.

The Steel consumption of Thailand, ended Sep 30, 17, Finished steel consumption was 12.6 million tons, decreased 13% compared with the same period of 2016. Long product consumption was 4.2 million tons decreased 24.7% and flat product consumption was 8.3 million tons decreased 5.3%. As a result of the Construction Industry was stable and increasing of steel's price.

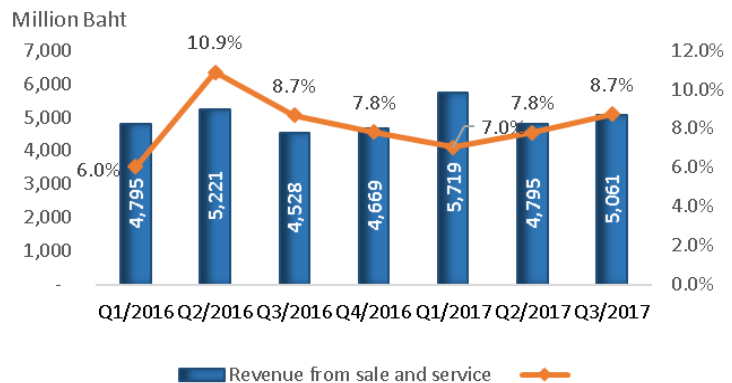
**Performance summary in of quarter 3, 2017, ending 30 September 2017**

Performance	Q3/2017	Q3/2016	(YoY)	
	Million Baht	Million Baht	+/- Million Baht	%
Total revenues	5,075	4,558	517	11.34%
Revenues from sale and services	5,061	4,528	533	11.78%
Cost of sales and services	4,620	4,135	485	11.72%
Gross profit	441	393	48	12.34%
Total expenses	203	194	9	4.71%
Financial cost	166	152	14	9.49%
Net Profit	59	51	8	15.15%



Management's Discussion and Analysis

In quarter 3/2017, the Company had revenues from sales and services in the amount of 5,061 million baht, increased by 12% compared with quarter 3/2016. As a result from steels domestics price and internationals price were higher than q3/2016. This quarter, the Company had export steel bars and billets abroad by trader and direct to foreign customers 15%

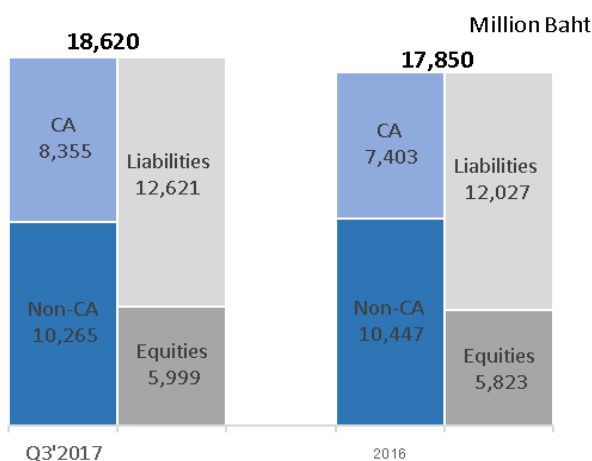


of revenues from sales and services. In quarter 3/2017 had sale volumes 307,518 tons, decreased by 10% compared with quarter 3/2016. Gross profit Margin was 9%

Total expenses increased 5% compared with quarter 3/2016. Due to the Company had export volume sale steels to internationals, as a result to cause the transportation cost was increased. This quarter the company had shutdown cost for special grade test in the amount of 6 million baht.

Furthermore, in quarter 3/2017, the Company realize loss from Kobelco Millcon Steel Co.,Ltd. ("KMS") which is the joint venture company with Kobe Steel Limited 50% of joint venture shares. Due to KMS testing special grade steel production and during in the process of product verifying from customers in the auto part industry, KMS had loss in the amount of 77 million baht. However, KMS expect to start commercial special grade wire rod for automobile industry in the beginning of 2018.

For quarter 3/2017, the Company had net profit in the amount of 59 million baht, increased by 15% compared with quarter 3/2016. EBITDA was at 305 million baht.



As of 30 September 2017, the Company had total assets in the amount of 18,619 million baht, increased by 4% compared with quarter 3/2016. As a result of inventory increasing in the amount of 1,088 million baht, as a result of purchasing raw materials for steel production as per customers' orders. Account receivable decreased by 607 million baht from payment of goods that delivered. Total liabilities was 12,621 million baht, increased by 4% compared with quarter 3/2016, as a result of increasing of short-term loan for

raw material purchasing and credit term for customers. Equity was increased 175 million baht from operating performance.



บริษัท มิลล์คอน สตีล จำกัด (มหาชน)

MILLCON STEEL PUBLIC COMPANY LIMITED

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Please be informed accordingly.

Yours sincerely,

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(Ms. Jureerat Lapanavanich)

Director