



MILL 001/2018

February 28, 2018

Subject: Management's Discussion and Analysis of Year 2017, Ending 31 December 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 Year 2017, Ending 31 December 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;

Economics overview

In 2017, Thailand's economy grew by 3.9% from 2016 as a result of consumption and investment of private sector. Including the expansion of exports. For public investment were declined. Due to the flood as a result to investment slowdown.

For Thai steel consumption in 2017, information from Iron and Steel Institute of Thailand, the finished steel product consumption were at 16.6 million tons, decreased by 14 compared with previous year. Divided into the long products consumption were at 5.6 million tons, decreased by 25.7% and the flat steels product were at 11 million tons, decreased by 5.9% case from the construction of both public and private sector was slowdown.

Performance summary 2017

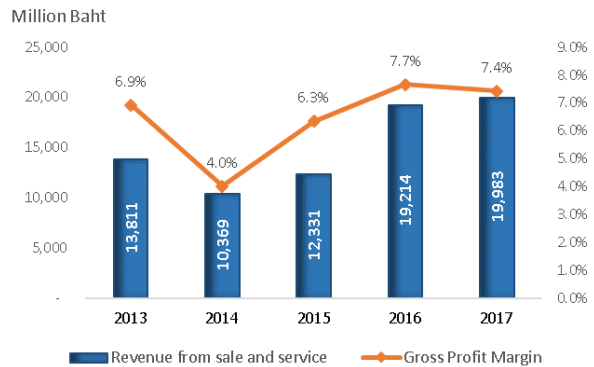
รายการ	2017	2016
	Million Baht	Million Baht
Total revenues	20,134	19,700
Revenues from sale and services	19,983	19,214
Cost of sales and services	18,514	17,743
Gross profit	1,469	1,471
SG&A	724	899
Financial cost	640	600
Net Profit	143	405

(YoY)	
+/- Million Baht	%
434	2%
769	4%
771	4%
-2	0%
-174	-19%
40	7%
-262	-65%



Management's Discussion and Analysis

In 2017, the Company had revenues from sale and services were at 19,880 million baht, increased by 4% compared with previous year. Due to the Company sale steel products at higher price in line with the market price. In addition, the Company sale steel bar and billet to oversee at 8% of revenues from sale and services.



Other revenues was at 151 million baht.

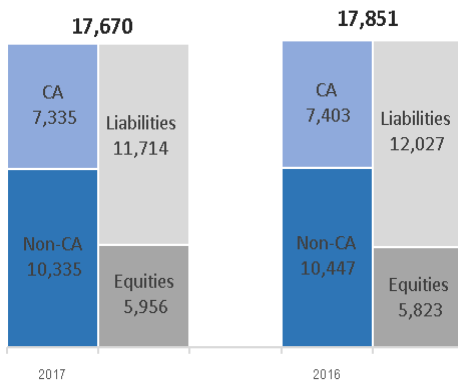
Consist of Profit from land sale 37 million baht, income from claim of goods 32 million baht, interest income 19 million baht, net gain on exchange rate 16 million baht and other 46 million baht

Sale goods and services expenses was at 724 million baht, decreased by 19%. Due to there is not setting up doubtful debts. Shutdown cost for special grade test decreased by 56% because it is close to production for commercial.

Furthermore, in 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 260 million baht. However, KMS expect to start commercial special grade wire rod for automobile industry in the beginning of 2018.

In 2017, net profit was at 143 million baht, decreased by 65% compared with previous. Due to in 2017 had profit from sale machines 417 million baht. EBITDA was at 1,065 million baht.

Million Baht



Statement of Financial Position

As of 31 December 2017 the Company had total assets was at 17,640 million baht, decreased by 210 million baht. Account receivables decrease by 1,068 million baht, case from customers' payment goods. Inventories increased by 362 million baht and advance payment for goods increased by 322 million baht due to purchasing raw materials for production as per customers' orders. Short-term loans in the amount of 150 million baht which JV company loans from the subsidiary company as

proportion of shareholding.

Total liabilities were at 11,714 million baht, decreased by 313 million baht. Current liabilities decreased by 1,771 million baht . Due to the Company loans long-term loan from financial institution for re-payment short-term loans.



บริษัท มิลล์คอน สตีล จำกัด (มหาชน)

MILLCON STEEL PUBLIC COMPANY LIMITED

Account payables decreased by 233 million baht. As a result, current ratio was at 0.76 time and D/E ratio was at 1.98 time.

Please be inform accordingly,

Yours sincerely,

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(Ms. Jureerat Lapanavanich)

Director