

Management Discussion and Analysis Q1/2021

1. Highlights

	Unit: million Baht	1 st Quarter 2021	1 st Quarter 2020
Performance	Revenues	3,496	2,696
	Gross Profit (Loss)	559	15
	Net Profit (Loss)	270	(326)
HRC	HRC Sales (k tons)	161	170
	HRC Production Volume (k tons)	157	185
	HRC Average Selling Price (THB/ton)	21,666	15,885
	Unit: million Baht	31 March 2021	31 December 2020
Financial Status	Total Liabilities	2,338	2,197
	Total Asset	15,269	14,857
	Total Equity	12,931	12,661

2. Business Outlook

Improvement in market conditions led to increased demand in the current quarter. The Hot Rolled consumption increased by 21% in Q1 2021 compared to Q1 2020.

Total Hot Roll Coil & Sheet Thickness < 3 mm. (Unit : Tons) (Excluding Stainless Steel)	Quarter 1/2020	Quarter 1/2021	% Change
Production	651,001	707,635	8.70%
Import	712,200	936,256	31.46%
Export	1,295	7,714	495.66%
Consumption	1,361,906	1,636,177	20.14%

Source: Iron and Steel Institute of Thailand

3. Performance of the Company

• Revenue from sales and cost of goods sold

The Company reported revenue from sales at THB 3,496 million which is higher than last year quarter mainly due to an increasing in average selling price by 36%. Whilst the cost of goods sold was at THB 2,937 million which was higher than last year quarter by 10% mainly due to increase in scrap prices.

- **Selling expenses**

Selling expenses for the 1st Quarter 2021 and 2020 amounting to THB 40 million and THB 43 million respectively or 7% lower, mainly was due to sale volume for delivery to customer decreased from last year quarter by 5%.

- **Administrative expenses**

Administrative expenses for the 1st Quarter 2021 and 2020 amounting to THB 157 million and THB 117 million respectively which was higher from last year quarter by THB 39 million due to higher charges on account of incentive program.

- **Net loss from exchange rate**

The Company had recorded loss from exchange rate for the 1st Quarter 2021 and 2020 amounting to THB 53 million and THB 123 million respectively due to weakening of the Thai Baht against the US Dollar.

- **Financial costs**

The financial costs for the 1st Quarter 2021 and 2020 amounted to THB 55 million and THB 62 million, respectively due to reduction in working capital usage.

4. Statement of financial positions

- **Total Assets**

As of 31 March 2021, the Company had total assets amounting to THB 15,269 million which increased from the year ended 2020 by THB 412 million. The current assets amounted to THB 2,167 million, increased by 32% from the year ended 2020 mainly due to increase in inventories by THB 358 million, whilst total non-current assets amounted to THB 13,102 which decreased by 1% from the year ended 2020 mainly due to decrease in property, plant and equipment resulting from depreciation.

- **Total Liabilities**

As of 31 March 2021, the Company had total liability amounting to THB 2,338 million. Total current liabilities amounted to THB 2,096 million and total non-current liabilities amounted to THB 242 million. As compared with the year ended 2020, the total liability increased by THB 141 million or 6%, on account of:

1. Trade accounts payable decreased by THB 31 million.
2. Other payables and accrued expenses increased by THB 18 million.
3. Advance received from customer increased by THB 63 million.
4. Accrued interest expenses increased by THB 36 million.
5. Current portion of long-term loan from related party increased by THB 676 million.
6. Long-term loan from related parties - net decreased by THB 629 million.

- **Total equity**

As of 31 March 2021, the Company had total equity of THB 12,931 million which increased by THB 270 million or 2% from year ended 2020 due to net profit for this quarter of THB 270 million.