

22 July 2021

Subject: Management Discussion and Analysis for the 3-month period ended 31 March 2021

To: President  
The Stock exchange of Thailand

Siam Technic Concrete Public Company Limited (“the Company”) provides Management Discussion and Analysis for the 3-month period ended 31 March 2021 as follows.

**Summary of operating results**

Item	Separate financial statements for the 3-month ended		Change	
	31 Mar 2020	31 Mar 2021	THB Million	%
	THB Million	THB Million		
Sale of goods and rendering of services				
Revenue from sale of goods and rendering of services	375.13	393.78	18.65	4.97
Cost of sale of goods and rendering of services	297.97	323.22	25.25	8.47
<b>Gross Profit from sale of goods and rendering of services</b>	<b>77.16</b>	<b>70.56</b>	<b>(6.60)</b>	<b>(8.55)</b>
Project construction				
Revenue from construction contract	33.41	-	(33.41)	(100.00)
Costs of project construction	31.18	-	(31.18)	(100.00)
<b>Gross Profit (Loss) from construction contract</b>	<b>2.23</b>	<b>-</b>	<b>(2.23)</b>	<b>(100.00)</b>
<b>Gross profit</b>	<b>79.39</b>	<b>70.56</b>	<b>(8.82)</b>	<b>(11.11)</b>
Other Income	3.89	6.11	2.23	57.37
Selling expense administrative expense	5.71	4.46	(1.25)	(21.86)
Administrative expense	33.89	27.26	(6.63)	(19.56)
Finance cost	7.51	5.88	(1.63)	(21.75)
<b>Profit before income tax expenses</b>	<b>36.15</b>	<b>39.07</b>	<b>2.92</b>	<b>8.07</b>
Income tax expenses	5.17	6.18	1.00	19.42
<b>Profit for the period</b>	<b>30.98</b>	<b>32.89</b>	<b>1.91</b>	<b>6.18</b>
Total comprehensive income for the period	30.98	32.89	1.91	6.18
Basic earnings per share (EPS) (THB per share)	0.06	0.06	0.00	0.00

### Summary of financial position

Item	Separate financial statements for the 3-month ended		Change	
	31 Dec 2020	31 Mar 2021		
	THB Million	THB Million	THB Million	THB Million
Total assets	1,802.91	1,903.06	100.15	5.55
Total liabilities	1,042.91	1,110.16	67.25	6.45
Total equities	760.01	792.90	32.89	4.33

### Summary of key financial ratios

Item	Unit	Separate financial statements for the 3-month ended	
		31 Mar 2020	31 Mar 2021
Cash Cycle	(Days)	49.75	51.59
Net profit margin	(percent)	7.51	8.23
Return on equity	(percent)	14.60	18.35
Return on assets	(percent)	5.33	7.69
Debt to equity ratio	(times)	1.67	1.40

### Discussion and Analysis of financial position and performance :

#### Operating results

##### ■ Revenue from sale of goods and rendering of services.

For the first 3-month period of 2021, the Company's revenue from sales and services increased by THB 18.65 million, or 4.97 percent, compared to the previous year due to an increase in revenue from sales of prestressed concrete piles as the Company has sold to many new development projects such as such as the construction of a dam to protect the banks of the Chao Phraya River in the vicinity of Ban Po Sa, Village No. 1 - Village No. 2, Posa Sub-district, Muang District, Ang Thong Province, for example. For the year 2020 and first 3-month period of 2021, the Company has a lower price per unit of prestressed concrete piles while there was an increase in quantity sold of the prestressed concrete piles.

##### ■ Revenue from construction contract

For the first 3-month of 2021, the Company did not have any revenue from construction contract. In present, the Company has received the news from PAE. that we are the winner of one of the a 115 kV transmission line project bidding and is in the middle of signing process for hiring. Such a 115 kV transmission line project has an estimated plan to start in the Q3/2021 with a 1-year of working period.

■ **Other Income**

For the first 3-month of 2021, the Company's other income increased by THB 2.23 million or 57.37 percent from the same period of the previous year which was mainly from profit from selling assets such as cars and prestressed concrete wires of the Company and the Company received such profit accounting for THB 2.23 million.

■ **Cost of sale of goods and rendering of services**

For the first 3-month period of 2021, the Company's cost of sale of goods and rendering service increased by THB 25.25 million or 8.47 percent increase from the same period in the previous year. This was due to the increase in cost of raw material and finish goods, which also varies with the revenue from sales and rendering services, as well as an increase in the price of main raw materials such as prestressed concrete wires in such period.

■ **Costs of project construction**

There were no costs of project construction during the first 3-month period of 2021 as there was no revenue from project construction during such period.

■ **Gross profit**

The Company's gross profit margin in the first 3-month of 2021 decreased from 20.57 percent from the first 3-month of 2020 to 17.92 percent in the first 3-month of 2021 due to an intense price competition in the COVID-19 pandemic situation and a drop in private sector workloads from postponements in investment which continued from 2020. The Company did not have revenue nor costs from project constructions.

■ **Selling expenses**

For the first 3-month period of 2021, the Company's selling expenses decreased by THB 1.25 million or 21.86 percent when comparing to the same period of the previous year. As the Board of Director Meeting No. 1/2021 on 24 February 2021 has passed a resolution for the Company to cancel paying any broker fee to a third party to be inline with the Company's good governance policy.

■ **Administrative expenses**

In the first 3-month period of 2021, the Company has a lower administrative expense by THB 6.63 million or a 19.56 percent decrease when comparing to the same period in the previous year. This was mainly due to a lower employee benefit expense and there was a reversion on impairment on properties for investment of THB 3.59 million as in April 2021, the Company has hired asset appraiser to appraise value of the land to be in present value. The land has an appraised value of THB 64.06 million which was higher than 2019 value of THB 60.47 million which was from an increase in the comparable lands for the appraisal purposes. The Company then take

into account on the reversion of impairment of properties for investment by THB 3.59 million for the first 3-month period of 2021.

■ **Financial Cost**

In the first 3-month period of 2021, the Company's financial cost from loans from financial institution decreased by THB 1.63 million or 21.75 percent comparing to the same period of the previous year as the Company has already paid back some principals and the decrease in interest rates.

■ **Net Profit**

The Company's net profit in the first 3-month period of 2020 and 2021 were THB 30.98 million and THB 32.89 million, respectively. This represents the Company's net profit margin of 7.51 percent and 8.23 percent, respectively.

**Financial Position**

■ **Total Assets**

The Company's total assets as of 31 December 2020 and 31 March 2021 were THB 1,802.91 million and THB 1,903.06 million, respectively. As of 31 March 2021, the Company's total assets had increased by THB 100.15 million, or 5.55 percent. This was primarily due to increase in account receivables that are not due, that increased varying with the Company's revenue from sales and increase in inventories from raw materials such as prestressed concrete wires.

■ **Total Liabilities**

The Company's total liabilities as of 31 December 2020 and 31 March 2021 were THB 1,042.91 million and THB 1,110.16 million, respectively. The Company's total liabilities increased by THB 67.25 million, or 6.45 percent due to an increase in account payable, with an average debt payable period of 72 days which is in accordance of the credit terms of the major raw material distributor of the Company of 30 – 90 days.

■ **Shareholders' equity**

The Company's shareholders' equities as of 31 December 2020 and 31 March 2021 were THB 760.01 million and 792.90 million, respectively. For the 3-month period ending 31 March 2021, the Company's shareholders' equities increased by THB 32.89 million, representing an increase of THB 32.89 million on the Company's total comprehensive income for the 3-month period of 2021.

## Financial Ratio

### ■ Cash Cycle

The Company's cash cycle in the first 3-month period of 2021 increase from the same period of the previous year due mainly to the increase in the Company's average inventory period.

### ■ Net Profit Margin

The Company's net profit in the first 3-month period of 2020 - 2021 were 7.51% and 8.23%, respectively. The increase in the Company's net profit in the first 3-month period of 2021 to 8.23% was due to the decrease in administrative expenses from the reversion of impairment of properties for investment by THB 3.59 million for the first 3-month period of 2021 and the decrease in financial cost from debt's principle repayment.

Your Sincerely,

*(Mr. Songsak Piyawannarat)*

(Mr. Songsak Piyawannarat)  
Deputy of Chief of Executive