

12 November 2021

Subject: Management's Discussion and Analysis for the 9-month period ended 30 September 2021

To: Director and Manager
The Stock exchange of Thailand

Siam Technic Concrete Public Company Limited and its Subsidiary ("the Company") provides Management Discussion and Analysis for the 3/2021 quarter YoY and 9-month period of 2021 YoY, details are as follows:

Summary of operating results

Item	Consolidate financial statements for the 3-month ended		Change		Consolidate financial statements for the 9-month ended		Change	
	30 September 2020	30 September 2021			30 September 2020	30 September 2021		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
Revenue								
Revenue from sale of goods and rendering of services	328.06	428.51	100.45	30.62	1,121.90	1,188.60	66.70	5.95
Revenue from construction contract	34.09	-	(34.09)	(100.00)	90.34	-	(90.34)	(100.00)
Total Revenue	362.15	428.51	66.36	18.32	1,212.24	1,188.60	(23.64)	(1.59)
Cost								
Cost of sale of goods and rendering of services	266.57	342.72	76.15	28.57	870.38	974.33	103.95	11.94
Costs of project construction	14.21	-	(14.21)	(100.00)	66.24	-	(66.24)	(100.00)
Total Cost	280.78	342.72	61.94	22.06	936.62	974.33	37.71	4.03
Gross profit								
Gross Profit from sale of goods and rendering of services	61.49	85.79	24.30	39.52	251.52	214.27	(37.25)	(14.81)
Gross Profit (Loss) from construction contract	19.88	-	(19.88)	(100.00)	24.10	-	(24.10)	(100.00)
Total Gross profit	81.37	85.79	4.42	5.44	275.62	214.27	(61.35)	(22.26)
Other Income	4.80	8.30	3.50	72.92	10.94	20.16	9.22	84.28
Selling expense administrative expense	4.87	5.48	0.61	12.53	15.41	14.62	(0.79)	(5.13)
Administrative expense	31.51	32.88	1.37	4.35	95.67	88.30	(7.37)	(7.70)

Item	Consolidate financial statements for the 3-month ended		Change		Consolidate financial statements for the 9-month ended		Change	
	30 September 2020	30 September 2021			30 September 2020	30 September 2021		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
	Finance cost	5.73	5.29	(0.44)	(7.68)	19.73	17.38	(2.35)
Profit before income tax expenses	44.06	50.44	6.38	14.49	155.75	114.13	(41.62)	(26.72)
Income tax expenses	8.50	9.73	1.23	14.47	27.76	19.66	(8.10)	(29.18)
Profit for the period	35.56	40.71	5.15	14.50	127.99	94.47	(33.52)	(26.19)
Total comprehensive income for the period	35.56	40.71	5.15	14.50	127.99	94.47	(33.52)	(26.19)
Basic earnings per share (EPS) (THB per share)	0.07	0.06	(0.01)	(17.64)	0.25	0.13	(0.12)	(46.91)

Item	Separate financial statements for the 3-month ended		Change		Separate financial statements for the 9-month ended		Change	
	30 September 2020	30 September 2021			30 September 2020	30 September 2021		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
	Revenue							
Revenue from sale of goods and rendering of services	328.06	428.51	100.45	30.62	1,121.90	1,188.60	66.70	5.95
Revenue from construction contract	34.09	-	(34.09)	(100.00)	90.34	-	(90.34)	(100.00)
Total Revenue	362.15	428.51	66.36	18.32	1,212.24	1,188.60	(23.64)	(1.59)
Cost								
Cost of sale of goods and rendering of services	266.57	342.72	76.15	28.57	870.38	974.33	103.95	11.94
Costs of project construction	14.21	-	(14.21)	(100.00)	66.24	-	(66.24)	(100.00)
Total Cost	280.78	342.72	61.94	22.06	936.62	974.33	37.71	4.03
Gross profit								
Gross Profit from sale of goods and rendering of services	61.49	85.79	24.30	39.52	251.52	214.27	(37.25)	(14.81)

Item	Separate financial statements for the 3-month ended		Change		Separate financial statements for the 9-month ended		Change	
	30 September 2020	30 September 2021			30 September 2020	30 September 2021		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
Gross Profit (Loss) from construction contract	19.88	-	(19.88)	(100.00)	24.10	-	(24.10)	(100.00)
Total Gross profit	81.37	85.79	4.42	5.44	275.62	214.27	(61.35)	(22.26)
Other Income	4.80	8.30	3.50	72.92	10.94	20.16	9.22	84.28
Selling expense administrative expense	4.87	5.48	0.61	12.53	15.41	14.62	(0.79)	(5.13)
Administrative expense	31.51	32.81	1.30	4.13	95.67	88.23	(7.44)	(7.78)
Finance cost	5.73	5.29	(0.44)	(7.68)	19.73	17.38	(2.35)	(11.91)
Profit before income tax expenses	44.06	50.51	6.45	14.65	155.75	114.20	(41.55)	(26.68)
Income tax expenses	8.50	9.73	1.23	14.47	27.76	19.66	(8.10)	(29.18)
Profit for the period	35.56	40.78	5.22	14.69	127.99	94.54	(33.45)	(26.13)
Total comprehensive income for the period	35.56	40.78	5.22	14.69	127.99	94.54	(33.45)	(26.13)
Basic earnings per share (EPS) (THB per share)	0.07	0.06	(0.01)	(17.50)	0.25	0.13	(0.12)	(46.87)

Summary of financial position

Item	Consolidate financial statements ended		Change		Separate financial statements ended		Change	
	31 December 2020	30 September 2021			31 December 2020	30 September 2021		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
Total assets	1,802.91	2,137.61	334.70	18.56	1,802.91	2,146.68	343.77	19.07
Total liabilities	1,042.91	932.09	(110.82)	(10.63)	1,042.91	941.09	(101.82)	(9.76)
Total equities	760.01	1,205.52	445.52	58.62	760.01	1,205.59	445.59	58.63

Summary of key financial ratios

Item	Unit	Consolidate financial statements		Separate financial statements	
		ended		ended	
		30 September 2020	30 September 2021	30 September 2020	30 September 2021
Cash Cycle	(Days)	50	53	50	53
Net profit margin	(percent)	10.46	7.82	10.46	7.82
Return on equity	(percent)	25.37	12.82	25.37	12.83
Return on assets	(percent)	10.03	6.39	10.03	6.38
Debt to equity ratio	(times)	1.30	0.77	1.30	0.78

Discussion and Analysis of financial position and performance : (Consolidated)

Operating results

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

For the 3-month period ended 30 September 2021, the Company's revenue from sales and services is THB 428.51 million, increase by 30.62 percent YoY or THB 100.45 million due to there is a large amount of work delivered to both private and public sectors in the past July 2021 as the government has reopened the construction site after being closed due to the Covid-19 situation.

For the 9-month period ended 30 September 2021, the Company's revenue from sales and services is THB 1,188.60 million, decrease by 5.95 percent YoY or THB 66.70 million.

■ **Revenue from construction contract**

For the 3-month and 9-month period ended September 2021, the Company did not have any revenue from construction contract as in year 2020. Nevertheless, the Company has received employment order and signed the contract agreement from Provincial Electricity Authority (PEA) for the 115KV transmission line project plans in Sakon Nakhon with a total contract value of THB 97.97 million (not including VAT). However, this 115 kV construction project plans to start working in Q4 of 2021 with a 1-year working period.

■ **Other Income**

For the 3-month period ended September 2021, the Company's other income increased by THB 3.50 million or 72.92 percent YoY which was mainly from profit from selling unutilized assets and other incomes.

For the 9-month period ended September 2021, the Company's other income increased by THB 9.22 million or 84.28 percent YoY which was mainly from profit from selling assets such as unused cars and prestressed concrete wires of the Company.

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

For the 3-month period ended September 2021, the Company's cost of sale of goods and rendering service increased by THB 76.15 million or 28.57 percent YoY.

For the 9-month period ended September 2021, the Company's cost of sale of goods and rendering service increased by THB 103.95 million or 11.49 percent YoY. This was mainly due to the significantly increased in cost of raw materials such as prestressed concrete wires price which has increased more than 10% although the Company was able to adjust the selling price to a some extent.

■ **Costs of project construction**

There were no costs of project construction during the first 9-month period of 2021 as there was no revenue from project construction during in such period.

■ **Gross profit**

For the 3-month period ended September 2021, the Company's gross profit margin from sale of goods and rendering of services is THB 85.79 million, increased by 39.52 percent YoY which was due directly to the increased in revenue in the period. But when including gross margin from construction project which is still not yet recognized in 2021, total gross profit margin is increased THB 4.42 million or 5.44 percent YoY. However, gross profit from sale of goods and rendering of services for 9-month period ended September 2021 is THB 214.27 million, decrease by 14.81 percent YoY, due to the slowing down and postponement of the investment from private sector and delayed in auction from the public sectors while the price of raw materials has been rising up. Moreover, the Company did not have revenue nor costs from constructions project in the first 9 months period of 2021, which if including this construction part, total gross profit of the company is decrease by 22.26 percent.

■ **Selling expenses**

For the 3-month period ended September 2021, the Company's selling expenses increased by THB 0.61 million or 12.53 percent YoY. For the first 9-month period ended September 2021, the Company's selling expenses decreased by THB 0.79 million or 5.13 percent YoY. As the Board of Director Meeting No. 1/2021 on 24 February 2021 has passed a resolution for the Company to forbid any commission payments to a third party.

■ **Administrative expenses**

For the 3-month period ended September 2021, the Company's administrative expense increased by THB 1.37 million or 4.35 percent YoY. In the first 9-month period of 2021, the Company has a lower administrative expense by THB 7.37 million or a 7.70 percent YoY. This was due to more effective management and there was a reversion on impairment on properties for investment of THB 3.59 million from the appraisal of the land to be revalued to the current market price.

■ **Financial Cost**

For the 3-month and 9-month period ended September 2021, the Company's financial cost from loans from financial institution decreased by THB 0.44 million and 2.35 million or 7.68 percent and 11.91 percent, respectively, from the repayment of debts and loans according to the money plans from Company's initial public offering (IPO) and also the decreasing in interest rates.

■ **Net Profit**

For the 3-month period ended September 2020 and 2021, the Company's net profit margin is THB 35.56 million and 40.71 million, or 9.69 percent and 9.32 percent, respectively. As a result, in the first 9-month period of 2020 and 2021 the company has its net profit of THB 127.99 million and THB 94.47 million, respectively. This represents the Company's net profit margin of 10.46 percent and 7.82 percent, respectively.

Financial Position

■ **Total Assets**

The Company's total assets as of 31 December 2020 and 30 September 2021 were THB 1,802.91 million and THB 2,137.61 million, respectively. As of 30 September 2021, the Company's total assets had increased by THB 334.70 million, or 18.56 percent. This was primarily due to increase in account receivables that are not yet due and increase in inventories from raw materials such as prestressed concrete wires and deposits from solar system installation.

■ **Total Liabilities**

The Company's total liabilities as of 31 December 2020 and 30 September 2021 were THB 1,042.91 million and THB 932.09 million, respectively. As a result, the Company's total liabilities decreased by THB 110.82 million, or 10.63 percent. This was mainly because the company has repaid loans and promissory notes. Also, there is an increase in accounts payable with an average debt payable period of 64 days which is in accordance with the credit terms of the major raw material distributors of the Company which are in the range of 30 – 90 days.

■ **Shareholders' equity**

The Company's shareholders' equities as of 31 December 2020 and 30 September 2021 were THB 760.01 million and 1,205.52 million, respectively. As at 30 September 2021, the Company's shareholders' equities has been increased by THB 445.52 million, representing with a company's total comprehensive income for the first 9 months period in 2021 of THB 94.47 million. Also, there is an interim dividend payment of THB 198.17 million, increasing in company's capital of THB 203.50 million and a share premium of THB 345.72 million.

Financial Ratio

■ **Cash Cycle**

The Company's cash cycle in the first 9-month period of 2021 increased from 50 days to 53 days in the same period of the previous year which is close to last year.

■ **Net Profit Margin**

The Company's net profit margin for the 3-month period ended September 2020 and 2021 were THB 35.56 million and THB 40.71 million, respectively, which increased from the same period in the previous year. For the 9 months period ended September 2020 and 2021, the company has its net profit of THB 127.99 million and THB 94.47 million or 10.46 percent and 7.82 percent, respectively. This was mainly due to the decrease in the Company's revenues from construction project as it has in 2020 and increase in cost of raw materials in the period as mentioned above.

Your Sincerely.

(Mr.Watchai Mongkolsrisawad)

(Mr.Watchai Mongkolsrisawad)

Chief Executive Officer