

Management Discussion and Analysis for Quarter 1 Ending 31 March 2021

1. Highlights

	Unit : million Baht	Q 1/2021	Q 1/2020
Group	Group Revenues	7,277	4,820
	Group Gross Profit (Loss)	1,036	(31)
	Group Net Profit (Loss)	442	(1,020)
Group HRC	HRC Sales (k tons)	339	304
	HRC Production Volume (k tons)	322	321
	HRC Average Selling Price (Bht/Ton)	21,491	15,864
	Unit : million Baht	31-Mar-21	31-Dec-20
Group	Total Assets	26,198	25,460
	Total Liabilities	9,823	9,526
	Equity Attributable to Owners of the Parent	6,536	6,339
	Non-controlling interests	9,839	9,594

2. Business Outlook

Improvement in market conditions led to increased demand in the current quarter. The Hot Rolled consumption increased by 20% 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 sale

The Company reported revenue from sales of Baht 3,781 million which increased by Baht 1,657 million or 78% YoY due to increase in sales volume by 32% and price by 35%.

The Group posted sale revenue of Baht 7,277 million increased by Baht 2,457 million or 51% YoY mainly due to increase in Selling price and also higher sales volumes.

Operating Results

The Company reported a gross profit of Baht 477 million (gross profit margin 13%), which significantly improved compared to the same quarter of last year which posted gross loss of Baht 4 million (gross loss margin 2%). This resulted from the increase in production volume, sale volume and selling price together with the increase in metal margin (the difference between selling price and raw material cost per ton)

The Company posted net profit by Baht 194 million which increased by Baht 930 million from same quarter of last year which post net loss by Baht 737 million. The Group Consolidated net profit was recorded by Baht 442 million, which increased by Baht 1,462 million from net loss by Baht 1,020 million of same quarter of last year.

Selling Expenses

Selling expense of the Company at Baht 46 million and the Group Consolidated at Baht 86 million increased by Baht 12 million and Baht 9 million respectively compared with same period of last year due to increase in sales volume.

Administrative Expenses

The Company recorded administrative expenses of Baht 86 million, which decreased by Baht 2 million YoY. Mainly came from the termination of Financial Advisory fees, however the Company recorded higher variable payments linked to higher profits in Quarter 1/2021. The Consolidated recorded administrative expenses by Baht 243 million, increased by Baht 37 million mainly due to higher variable payments linked to higher profits of the Company and Subsidiary.

Net loss on foreign exchange rate

The Company recorded a net loss on foreign exchange amounting to Baht 214 million and the Consolidated net loss on foreign exchange was recorded at Baht 267 million due to the depreciation of the Thai Baht versus the US dollar.

Finance cost

The Company recorded finance cost of Baht 137 million which decreased by Baht 10 million YoY due to write-back the expired legal prescription of liabilities and the Group Consolidated recorded finance cost at Baht 192 million, which decreased by Baht 16 million YoY due to reduction in working capital.

Gain from write-back of the expired legal prescription of liabilities

The Company recorded gain from write-back the expired legal prescription of liabilities Baht 158 million.

4. Statement of financial positions

Total Assets

As of 31 March 2021, the Consolidated total assets amounted to Baht 26,198 million, which increased by Baht 738 million or 3% from year ended 2020. Out of the total assets, Current Assets amounted to Baht 4,398 million, which increased by 27% mainly due to the increase in inventory. Non-current assets amounted to Baht 21,800 million and decreased by 1% from year ended 2020.

Cash and cash equivalent

As at 31 March 2021, the Consolidated cash and cash equivalent balance was Baht 479 million, which increased by Baht 42 million or 10% from year ended 2020.

Consolidated Cash Flow

- Net cash flows provided by operating activities was at Baht 129 million.
- Net cash flows used in investing activities stood at Baht 40 million.
- Net cash flows used in financing activities is Baht 47 million.

(For further details please refer to the Statement of cash flows)

Inventories

Value of Inventories in the Consolidated Financial Statement amounted to Baht 3,261 million or 12% of total assets, which increased by Baht 666 million from year ended 2020. Total Inventory of the Company increased by Baht 308 million mainly due to the increase in raw materials.

Total liabilities

As at 31 March 2021, total liabilities in the consolidated Financial Statement amounted to Baht 9,823 million which increased by Baht 296 million or 3% from year ended 2020.

Consolidated Current liabilities increased by Baht 864 million due to:

- Current portion of long-term borrowings from related parties increased by Baht 676 million mainly from subsidiary as it has become payable within one year.
- Accrued interest expenses increased by Baht 135 million, mainly due to non payment of interest on the facilities.
- Other payables and accrued expenses decreased by Baht 117 million mainly due to decrease in the Company due to write-back the expired legal prescription of liabilities.

Consolidated Non-current liabilities decreased by Baht 568 million mainly due to:

- Long-term borrowings from related parties decreased by Baht 589 million mainly due to reclassification to short term liabilities of the subsidiary as it becomes payable within 1 year.

Shareholders' equity

As of 31 March 2021, the Consolidated Financial Statement recorded shareholders' equity of Baht 16,376 million which increased by Baht 442 million from year end 2020 due to net profit.