

13 August 2021

Subject: Management Discussion and Analysis for the 6-month period ended 30 June 2021

To: Director and Manager
The Stock exchange of Thailand

Siam Technic Concrete Public Company Limited (“the Company”) provides Management Discussion and Analysis for the 2/2021 quarter YoY and 6-month period of 2021 YoY, details are as follows:

Summary of operating results

Item	Separate financial statements for the 3-month ended		Change		Separate financial statements for the 6-month ended		Change	
	30 June 2020	30 June 2020			30 June 2020	30 June 2021		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
Revenue								
Revenue from sale of goods and rendering of services	418.71	366.31	(52.40)	(12.51)	793.84	760.09	(33.75)	(4.25)
Revenue from construction contract	22.84	-	(22.84)	(100.00)	56.25	-	(56.25)	(100.00)
Total Revenue	441.55	366.31	(75.24)	(17.04)	850.09	760.09	(90.00)	(10.59)
Cost								
Cost of sale of goods and rendering of services	305.84	308.39	2.55	0.83	603.81	631.62	27.81	4.61
Costs of project construction	20.85	-	(20.85)	(100.00)	52.03	-	(52.03)	(100.00)
Total Cost	326.69	308.39	(18.30)	(5.60)	655.84	631.62	(24.22)	(3.69)
Gross profit								
Gross Profit from sale of goods and rendering of services	112.87	57.92	(54.95)	(48.68)	190.03	128.47	(61.56)	(32.39)
Gross Profit (Loss) from construction contract	1.99	-	(1.99)	(100.00)	4.22	-	(4.22)	(100.00)
Total Gross profit	114.86	57.92	(56.94)	(49.57)	194.25	128.47	(65.78)	(33.86)
Other Income	2.25	5.74	3.49	155.11	6.13	11.86	5.73	93.47
Selling expense administrative expense	4.83	4.68	(0.15)	(3.11)	10.54	9.14	(1.40)	(13.28)
Administrative expense	30.27	28.15	(2.11)	(6.97)	64.16	55.41	(8.75)	(13.64)

Item	Separate financial statements for the 3-month ended		Change		Separate financial statements for the 6-month ended		Change	
	30 June 2020	30 June 2020			30 June 2020	30 June 2021		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
Finance cost	6.48	6.21	(0.27)	(4.17)	13.99	12.09	(1.90)	(13.58)
Profit before income tax expenses	75.54	24.62	(50.92)	(67.41)	111.69	63.69	(48.00)	(42.98)
Income tax expenses	14.08	3.76	(10.32)	(73.30)	19.25	9.93	(9.32)	(48.42)
Profit for the period	61.46	20.86	(40.60)	(66.06)	92.44	53.76	(38.68)	(41.84)
Total comprehensive income for the period	61.46	20.86	(40.60)	(66.06)	92.44	53.76	(38.68)	(41.84)
Basic earnings per share (EPS) (THB per share)	0.12	0.04	(0.08)	(66.67)	0.18	0.10	(0.08)	(44.44)

Summary of financial position

Item	Separate financial statements for the 6-month ended		Change	
	31 Dec 2020	30 June 2021		
	THB Million	THB Million	THB Million	THB Million
Total assets	1,802.91	1,969.68	166.77	9.25
Total liabilities	1,042.91	1,354.08	311.17	29.84
Total equities	760.01	615.60	(144.41)	(19.00)

Summary of key financial ratios

Item	Unit	Separate financial statements for the 6-month ended	
		30 June 2020	30 June 2021
Cash Cycle	(Days)	84	52
Net profit margin	(percent)	10.80	6.96
Return on equity	(percent)	28.23	15.63
Return on assets	(percent)	10.68	5.70
Debt to equity ratio	(times)	1.5	2.20

Discussion and Analysis of financial position and performance :

Operating results

■ Revenue from sale of goods and rendering of services.

For the 3-month period ended 30 June 2021, the Company's revenue from sales and services is THB 366.31 million, decrease by 12.51 percent YoY or THB 52.40 million. For the 6-month period ended 30 June 2021, the Company's revenue from sales and services is THB 760.09 million, decrease by 4.25 percent YoY or THB 33.75 million. This is due to many factors such as in 2021, there is the Songkran holiday that has a holiday for more than 10 days according to the government's announcement while in 2020 the government has postponed holidays during Songkran festival. Also, there is a slow-down and postpone of the investment from private sectors and impact on working site shutdown in various projects due to the spreading of Covid-19 situation. In the public sector, some of the bidding auctions have been postponed later than planned. However, this delayed revenue is expected to start recognized by the second half of 2021.

■ Revenue from construction contract

For the 3-month and 6-month period ended June 2021, the Company did not have any revenue from construction contract as in year 2020. Nevertheless, the Company has received employment order from Provincial Electricity Authority (PEA) for the 115KV transmission line project plans in Sakon Nakhon with a value of THB 97 million (not including VAT) which currently in the process of signing the hired agreement contract. However, this 115 kV construction project plans to start working in Q3 of 2021 with a 1-year working period.

■ Other Income

For the 3-month period ended June 2021, the Company's other income increased by THB 3.49 million or 155.11 percent YoY which was mainly from profit from selling unutilized assets and other incomes.

For the first 6-month of 2021, the Company's other income increased by THB 5.73 million or 93.47 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 June 2021, the Company's cost of sale of goods and rendering service increased by THB 2.55 million or 0.83 percent YoY. For the first 6-month period of 2021, the Company's cost of sale of goods and rendering service increased by THB 27.81 million or 4.61 percent YoY. This was mainly due to the significantly increased in cost of raw material such as prestressed concrete wires price which has increased more than 10% in the period although the Company was able to adjust the selling price to a some extent. Moreover, in the second quarter there is a project which the Company has already prepared and produced some of the products but cannot be delivered due to the temporary closure of customer's factory and work sites which is effected from the Covid-19 situation.

■ **Costs of project construction**

There were no costs of project construction during the first 6-month period of 2021 as there was no revenue from project construction during such period.

■ **Gross profit**

For the 3-month period ended June 2021, the Company's gross profit margin of revenue from sale of goods and rendering of services is THB 57.91 million, decreased by 48.68 percent YoY. As a result, gross profit from sale of goods and rendering of services for 6-month period ended June 2021 is THB 128.47 million, decrease by 32.39 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 project constructions in the first half of year 2021.

■ **Selling expenses**

For the 3-month period ended June 2021, the Company's selling expenses decreased by THB 0.15 million or 3.11 percent YoY. For the first 6-month period of 2021, the Company's selling expenses decreased by THB 1.40 million or 13.28 percent YoY. As the Board of Director Meeting No. 1/2021 on 24 February 2021 has passed a resolution for the Company to cancel paying any commission to a third party. However, the reduction in sales expenses does not decrease in the same proportion as it is in revenues because most of the selling expenses are mainly fixed monthly salary of the sales staff

■ **Administrative expenses**

For the 3-month period ended June 2021, the Company's administrative expense decreased by THB 2.11 million or 6.97 percent YoY. In the first 6-month period of 2021, the Company has a lower administrative expense by THB 8.75 million or a 13.64 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. As a result, the Company then took into account on the reversion of impairment of properties for investment by THB 3.59 million for the first 6-month period of 2021.

■ **Financial Cost**

For the 3-month and 6-month period ended June 2021, the Company's financial cost from loans from financial institution decreased by THB 0.27 million and 1.90 million or 4.17 percent and 13.58 percent, respectively. This is mainly because the Company has already repaid some principals and the decreasing of interest rates.

■ **Net Profit**

For the 3-month period ended June 2020 and 2021, the Company's net profit margin is THB 61.46 million and 20.86 million, or 13.85 percent and 5.61 percent, respectively. As a result, in the first 6-month period of 2020 and 2021 were THB 92.44 million

and THB 53.76 million, respectively. This represents the Company's net profit margin of 10.80 percent and 6.96 percent, respectively.

Financial Position

■ Total Assets

The Company's total assets as of 31 December 2020 and 30 June 2021 were THB 1,802.91 million and THB 1,969.68 million, respectively. As of 30 June 2021, the Company's total assets had increased by THB 166.77 million, or 9.25 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.

■ Total Liabilities

The Company's total liabilities as of 31 December 2020 and 30 June 2021 were THB 1,042.91 million and THB 1,354.08 million, respectively. The Company's total liabilities increased by THB 311.17 million, or 29.84 percent due to an increase in account payable and promissory notes, with an average debt payable period of 69 days which is in accordance with 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 30 June 2021 were THB 760.01 million and 615.60 million, respectively. For the 6-month period ending 30 June 2021, the Company's shareholders' equities has been decreased by THB 144.41 million, representing with a company's total comprehensive income for the period of THB 53.76 million for the 6-month period of 2021. Also, there is a interim dividend payment of THB 198.17 million.

Financial Ratio

■ Cash Cycle

The Company's cash cycle in the first 6-month period of 2021 decreased from 84 days to 52 days in the same period of the previous year due mainly to the decreasing of the Company's average account receivable and inventory turnover period.

■ Net Profit Margin

The Company's net profit margin in the first 6-month period of 2020 - 2021 were 10.80% and 6.96%, respectively. This was mainly due to the decrease in the Company's revenue and increase in cost of raw materials in the period as mentioned above.

Your Sincerely.

(Mr.Watchai Mongkolsrisawad)

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Chief Executive Officer