



MILL 016/2019

15 May 2019

Subject: Management's Discussion and Analysis of quarter 1, 2019, Ending 31 March 2019

Attention: President

The Stock Exchange of Thailand

Millcon Steel Public Company Limited ("the Company") would like to notify the Company's and its affiliates' performance of quarter 1, 2019, Ending 31 March 2018, which are verified by auditors approved by the office of SEC, and which are also approved by the Board of Directors of the Company. The details are as follow;

Economics overview

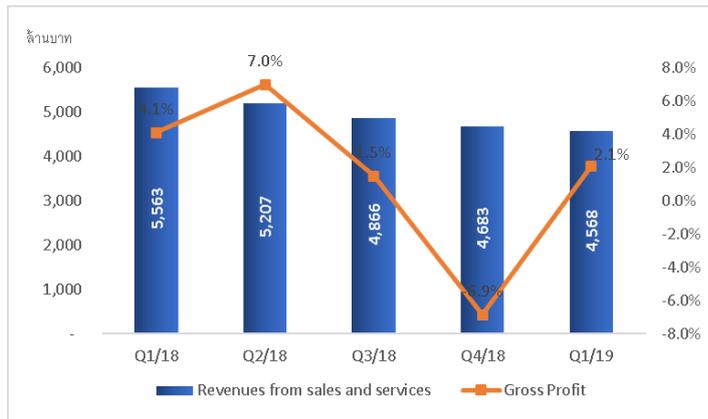
Thailand's overall economic in q1/2019 moderated from the previous quarter, which also contributed to the decline in manufacturing production. From Iron and Steel Institute of Thailand's information in q1/2019 the steel production in Thailand was at 1.71 million tons, decreased by 13% compared with q1/2018 while finished steel consumption was at 4.16 million tons, decreased by 5% compared with the same period of previous year. Divide to consumption of long steel decreased by 0.6% and flat steel decreased by 7.3% compared with q1/2018

Performance summary in of quarter 1, 2019

Performance	Q1/2019		(YoY)	
	Million Baht	Million Baht	+/- Million Baht	Percentage
Total revenues	4,630	5,600	-970	-17%
Revenues from sale and services	4,569	5,563	-994	-18%
Cost of sales and services	4,472	5,334	-861	-16%
Gross profit	96	229	-133	-58%
Total expenses	145	167	-21	-13%
Financial cost	193	180	13	7%
Net Profit	-190	52	-242	-465%



Management's Discussion and Analysis

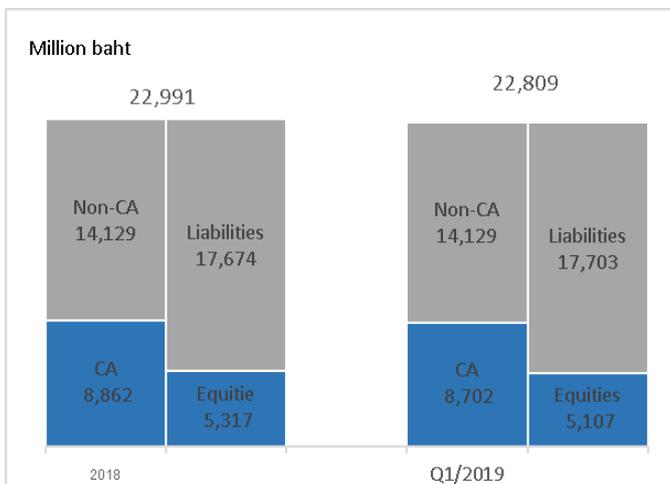


In q1/2019 the Company had revenues from sale and services in the amount of 4,569 million baht, decreased by 18% compared with the same period of previous year. Cause from sale volumes of billets were reduced, due to the Company is focusing on producing billet for used to produce steel bar. For cost of sales and services decreased by 16% compared with q1/2018 which decreased as sale volumes of

the Company. However, in q1/2019 the finished product price to fall faster than the raw material, cause to the between steel selling price and cost of raw materials were reduce. As a result to gross profit is lower the same period of previous year.

Selling and administrative expenses decreased by 13%, due to in q1/2018, the Company had the cost of acquisition of Siam Solar Generation Company Limited.

As mentioned above, the Company had a net loss in the amount of 190 million baht and EBITDA was at 103 million baht.



The Company had total assets in q1/2019 was at 22,809 million baht. Current assets decreased 160 million baht from cash and cash equivalents increased by 139 million baht, due to receiving payment for goods from customers, trade accounts receivable increased by 297 million baht, advance payments for goods increased by 236 million baht cause from ordering raw materials to produce products for customers, while inventories decreased by 860 million baht from finished goods which the

Company had already delivered to the customers. Non-current assets decreased by 22 million baht.

Total liabilities is in the amount of 17,703 million baht increased by 28 million baht. Due to trade account payable decreased by 147 million baht and other payable decreased by 640 million baht, while advance received for goods increased by 924 million baht due to the customers had order products increased.

The shareholders' equity was at 5,106 million baht, decreased by 210 million baht because the Company paid dividends to preferred shareholders in the amount of 19.5 million baht and according to the performance mentioned above.



บริษัท มิลล์คอน สตีล จำกัด (มหาชน)

MILLCON STEEL PUBLIC COMPANY LIMITED

For the difference in finished goods between the inventory report of the warehouse and the finished goods inventory accounting report in the amount of 516.27 million baht which is shown in the financial statements for the year ended 31 December 2018. Currently, the auditor is during audit, which the auditor expects that the auditing will be completed within the second quarter of 2019.

Please be inform accordingly,

Yours sincerely,

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(Ms. Jureerat Lapanavanich)

Director