

CHOW.147/2017

13 November 2017

Subject: Management's Discussion and Analysis for three-month and nine-month periods ended 30 September 2017.

Attention: Director and Manager
The Stock Exchange of Thailand

Chow Steel Industries Public Company Limited ("the Company") would like to declare its operating results for three-month periods ended 30 September 2017, based on the consolidated financial statement as follows;

Operating Results	Q3'17	Q3'16	(YOY)	
	Million baht	Million baht	Million baht	%
Total Revenues	1,051.21	666.34	384.87	57.76%
Revenues from sales and services	996.28	575.50	420.78	73.12%
Cost of sales and services	766.84	424.63	342.21	80.59%
Gross profit	229.44	150.87	78.57	52.08%
Administrative expenses	90.59	103.43	(12.84)	(12.41%)
Financial costs	102.47	37.15	65.32	175.83%
Profit for the period	80.87	69.42	11.45	16.49%
Net profit attributable to equity holders of the parent	66.63	53.83		
Earnings per share (Baht per share)	0.083	0.067		

And its operating results for nine-month periods ended 30 September 2017, based of the consolidated financial statement as follows;

Operating Results	Q3'17	Q3'16	(YOY)	
	Million baht	Million baht	Million baht	%
Total Revenues	2,921.84	2,518.83	403.01	16.00%
Revenues from sales and services	2,789.60	2,325.37	464.23	19.96%
Cost of sales and services	2,204.35	1,990.49	213.86	10.74%
Gross profit	585.25	334.88	250.37	74.76%
Administrative expenses	278.53	235.65	42.88	18.20%
Financial costs	266.43	123.12	143.31	116.40%
Profit for the period	131.16	127.50	3.66	2.87%
Net profit attributable to equity holders of the parent	104.82	104.90		
Earnings per share (Baht per share)	0.131	0.131		

Net Profit

The company and subsidiaries realized net profit for nine-month period ended 30 September 2017 of Baht 131.16 million, an increase of Baht 3.66 million or 2.87% from 2016 net profit of Baht 127.50 million for the following reasons.

Revenues

The company (consolidated) realized Baht 2,789.60 million of revenue in nine-month period ended 30 September 2017 which increased by 19.96% or Baht 464.23 million from the 2016 Baht 2,325.37 million for the following reasons.

The company's revenue from steel sales was Baht 1,449.80 million, increase of Baht 342.54 million or 30.94% comparing to 2016 due to the company can sell the product in raise quantities approximately 22.43%. However, price per unit has increase by 6.98%

However, the subsidiary have recognized revenue of Baht 1,339 million increased by Baht 122.83 million or 10.10% in comparison with the same period of the previous year of total revenue of Baht 1,216.17 million baht, including revenue from sales of Baht 922.95 million and revenue from sale electricity totaling Baht 416.05 million for ten oversea projects and one domestic project, with the capacity of 43.42 MW.

Cost of Sales and Services

The company realized cost of sales as of nine-month period ended 30 September 2017 Baht 2,204.35 million, increase of 10.74% or Baht 213.85 million compare to the same period of the previous year,

The Company's cost of steel production was Baht 1,399.55 million, increase of Baht 328.13 million, due to the increase in sales volume of steel.

The subsidiaries have recognized cost of sales and services was Baht 791.79 million, decrease of Baht 145.70 million or 15.54 % due to the same period of the previous year had cost of services and construction of the project Shimane. So Cost of sales and services decrease from previous year.

Selling expenses

The company's selling expenses as of nine-month period ended 30 September 2017 was Baht 32.76 million an increase of 42.81% or Baht 9.82 million compare to the same period of the previous year.

As a result, domestic freight increased by Baht 1.81 million and transportation cost increased by Bath 8.01 million and other expenses. Related to sales increased by sales volume.

The subsidiaries have no significant change.

Administration expenses

The company's administration expenses as of nine-month period ended 30 September 2017 was Baht 245.77 million, increase of 15.54% or Baht 33.06 million compare to the same period of the previous year as a result from

The company increase of office rental because moved establishment.

The subsidiaries' administration expenses increased Baht 44.75 million or 61.06% compare the same period of the previous year. Due to increase of number of staffs and expense of study the project development for support the expansion in renewable energy business.

Financial costs

Due to the expansion in renewable energy business, the cost of capital for nine months period ended 30 September 2017 was THB 266.43 million, increased by 116.41% or THB 143.32 million compared to the same period of the previous year.

Please be informed accordingly.

Yours sincerely,



(Mr. Anavin Jiratomsiri)

Chairman of Executive Committee