

Chow Steel Industries Public Company Limited

CHOW.0139/2017

15 August 2017

Subject: Management's Discussion and Analysis for three months and six months periods ended 30 June 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 months periods ended 30 June 2017, based on the consolidated financial statement as follows;

Operating Results	Apr-Jun 17	Apr-Jun 16	Increased(Decreased)	
	Million baht	Million baht	Million baht	%
Total Revenues	1,218.13	584.27	633.86	108.49
Profit for the period	91.82	3.39	88.43	2,608.55
Net profit (loss) attributable to equity holders of the parent	73.06	2.25	70.81	3,147.11
Earnings (loss) per share (Baht per share)	0.09	0.003		

And its operating results for six months periods ended 30 June 2017, based of the consolidated financial statement as follows;

Operating Results	Jan-Jun 17	Jan-Jun 16	Increased(Decreased)	
	Million baht	Million baht	Million baht	%
Total Revenues	1,870.63	1,852.49	18.14	0.98
Profit for the period	50.29	58.08	(7.79)	(13.41)
Net profit (loss) attributable to equity holders of the parent	36.33	51.07	(14.74)	(28.86)
Earnings (loss) per share (Baht per share)	0.05	0.06		

#### Net Profit (loss)

The company and subsidiaries realized net loss for six months period ended 30 June 2017 of THB 50.29 million, an decrease of THB 7.79 million or 13.41% from 2016 net loss of THB 51.07 million for the following reasons.



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### Revenues

The company (consolidated) realized THB 1,870.63 million of revenue in six months period ended 30 June 2017 which increased by 0.98% or THB 18.14 million from the 2016 THB 1,852.49 million for the following reasons.

The company's revenue from steel sales was Baht 876.76 million, a decrease of Baht 51.26 million or 2.73% comparing to 2016 due to the company can sell the product in reduced quantities approximately 11.21%. However, price per unit has increase by 6.42%

However, the subsidiary have recognized revenue of THB 732.59 million, consisting of 2 components;

1. Revenue from sale electricity of ten oversea projects and one domestic project, totaling Baht 249.22 million , with the capacity of 43.411 MW(DC)
2. Revenue from sales of Baht 666.17 million, totaling Baht 915.39 million, increased by Baht 94.56 million total revenue of Baht 82.83 million baht, or 11.52% from Baht 255.53 million in comparison with the same period of the previous year. Revenue from electricity sales increased 1 project with a capacity of 11.7 megawatts.

### Cost of Sales and Services

The company realized cost of sales as of six months period ended 30 June 2017 THB 1,437.51 million, decrease of 8.20% or THB 128.35 million compare to the same period of the previous year,

The Company's cost of steel production was Baht 845.95 million, a decrease of Baht 51.54 million, due to the decrease in sales volume of steel. Due to the demand for bar steel is reduced.

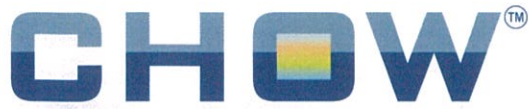
The subsidiaries have recognized cost of services and construction of the project decrease of THB 108.17 million, 15.8 % compare the same period of the previous year. Relating to lower revenue from service.

### Selling expenses

The company's selling expenses as of six months period ended 30 June 2017 was THB 21.78 million an decrease of 44.83% or THB 6.74 million compare to the same period of the previous year.

As a result, domestic freight increased by Baht 1.84 million and transportation cost increased by Bath 4.90 million and other expenses. Related to sales decreased by sales volume.

The subsidiaries have no significant change.



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Administration expenses

The company's administration expenses as of six months period ended 30 June 2017 was THB 166.16 million, increase of 41.79% or THB 48.97 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 THB 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 six months period ended 30 June 2017 was THB 158.54 million, increased by 84.42% or THB 72.57 million compared to the same period of the previous year.

Please be informed accordingly.

Yours sincerely,

A handwritten signature in blue ink, appearing to be "Anavin Jiratomsiri".

(Mr.Anavin Jiratomsiri)

Chairman of Executive Committee