

At SR-E2017/004

23 February 2017

Subject : Management Discussion and Analysis for the year ended 31 December 2016

To : Managing Director

The Stock Exchange of Thailand

Siamraj Public Company Limited (“The Company”) would like to clarify the operating results for the year ended 31 December 2016 which changes at the rate exceeding 20% of those from the prior year. The details are as follows;

Units : Baht million	Consolidated financial statements	
	2016	2015
Main revenues	1,326.37	1,616.64
Other revenues	61.46	81.35
Total revenues	1,387.83	1,697.99
Cost and operating expenses	(1,263.52)	(1,608.11)
Profit (Loss) for the periods	101.81	67.44

The Company reported its operating results according to consolidated financial statement for the year ended 31 December 2016 as net profit of Baht 101.81 million, increasing by Baht 34.37 million, or 50.96% from the prior year. The main reasons for the change of the operation are as follows;

Revenues

In 2016, the Company generated total revenue of Baht 1,326.37 million, decreasing by Baht 290.27 million or 17.96%. The significant decrement of main revenues is from 1) Metering and Pipeline Transmission business units. In 2016, the numbers of outstanding construction project on hand and their value were significantly less than those of the same period last year. Moreover, the extend of construction percentage progress toward the completion is lower than those of prior year, resulting in the decrease of underlying revenues and 2) Natural Gas for Vehicles Business Unit. In 2016, the value of service contract less than those of the same period last year and the decrease in oil price. In addition, In 2016, other revenue decrease from the prior year resulting mainly from the Company recognized revenue from commission fee less than those of the same period last year, decreasing by Baht 21.14 million, the Company got the commission fee from being a provider and coordinator for selling Gas Turbine to power plants which is the regular business operation occurred occasionally with the opportunity from Engineered Pumps and Systems business unit.

Costs and operating expenses

In 2016, the Company had costs and operating expenses of Baht 1,263.52 million decreasing from that of 2015 by Baht 344.59 million or at the rate of 21.43% decrement. The change is a result of the decrease in variable expenses which move in respond to the decrease of revenues. Moreover, during the year of 2015, the Company has adopted the operation expense reduction programs where the expenses are carefully monitored and scrutinized which results in significantly decrease of many major expenses.

To be acknowledged accordingly



Sincerely Yours.


(Mrs Udomporn Jiranapakulwat)

Chief Financial Officer