



At SR-E2562/002

21<sup>st</sup> February, 2019

Subject : Management Discussion and Analysis (MD&A) for the year ended 31 December 2018.

To : President of the Stock Exchange of Thailand

Siamraj Public Company Limited (“The Company”) would like to clarify the operating results for the year ended 31 December 2018 which changes at the rate exceeding 20% of those from the prior year. The details are as follows;

**Table of key financial results**

(Units:Million Baht)	Q3	Q4	Q4	%	%			%
	2018	2018	2017	Inc.(Dec.) QOQ	Inc.(Dec.) YOY	2018	2017	Inc.(Dec.) YTD
Main revenues	503.69	569.98	392.95	13.16%	45.05%	1,777.44	976.84	81.96%
Other revenues	4.44	2.56	17.31	(42.34)%	(85.21)%	19.25	32.12	(40.07)%
<b>Total revenues</b>	<b>508.13</b>	<b>572.54</b>	<b>410.26</b>	<b>12.68%</b>	<b>39.56%</b>	<b>1,796.69</b>	<b>1,008.96</b>	<b>78.07%</b>
Cost and operating expenses	(511.92)	(532.94)	(363.35)	4.11%	46.67%	(1,745.43)	(973.36)	79.32%
<b>Profit(Loss) for the periods</b>	<b>(3.28)</b>	<b>40.72</b>	<b>47.14</b>	<b>1,341.46%</b>	<b>(13.62)%</b>	<b>53.23</b>	<b>36.36</b>	<b>46.40%</b>

**Fourth quarter of 2018 compared with Third quarter of 2018**

In the fourth quarter of 2018 (Q4/2018), net profit of the Company was Baht 40.72 million, increasing by Baht 44 million or at the rate 1,341.46% when compared with the third quarter of 2018 (Q3/2018) mainly due to;

**Revenue**

The Company generated main revenue of Baht 569.98 million, increasing by Baht 66.29 million or at the rate 13.16% from the third quarter of 2018 (Q3/2018). The significant increment of main revenue were from (1) The Alternative Energy Business Unit had recognized income from the projects signed in 2016. (2) The Company had recognized income from the Field of Flow Measurement Business which it was acquired by the Company since 1<sup>st</sup> November, 2017 and other subsidiaries were established in 2017. (3) The Engineered Pumps and Systems Business Unit had been increasing the sales volume of Gould Pumps continuously.

Other incomes of Baht 2.56 million, decreasing by baht 1.88 million or at the rate 42.34% from the third quarter of 2018 due to decreasing on profit from selling investments in securities trading in the fourth quarter of 2018.

**Cost and operation expenses**

The Company had cost and operation expenses of Baht 532.94 million, increasing by Baht 21.02 million or at the rate 4.11% from the third quarter of 2018 (Q3/2018). The change is a result of (1) the increase in variable cost which moves in response to the increase of revenue. (2) Cost and operating expenses increased resulting mainly from the expenses of the Field of Flow Measurement Business which it was acquired by the Company on 1<sup>st</sup> November, 2017 and other subsidiaries were established in 2017.



#### **Fourth quarter of 2018 compared with Fourth quarter of 2017**

In the fourth quarter of 2018 (Q4/2018), net profit of the Company was Baht 40.72 million, decreasing by Baht 6.42 million or 13.62% when compared with the fourth quarter of 2017 (Q4/2017) mainly due to

##### **Revenue**

The Company generated main revenue of Baht 569.98 million, increasing by Baht 177.03 million or at the rate 45.05% from the fourth quarter of 2017 (Q4/2017). The significant increment of main revenue were from (1) The Metering and Pipeline Transmission Business Unit had recognized income from the projects signed during quarter 3 – 4 of 2017. (2) The Company recognized income from the Field of Flow Measurement Business which it was acquired by the Company since 1st November, 2017 and other subsidiaries were established in 2017. (3) The Engineered Pumps and Systems Business Unit had been increasing the sales volume of Gould Pumps continuously.

Other incomes of Baht 2.56 million, decreasing by baht 14.75 million or at the rate 85.21% from the fourth quarter of 2017 (Q4/2017), mainly because of the commission fee decreased less than the same period of last year. The Company received the commission fee from being a provider and coordinator for selling Gas Turbine equipment to power plants which it is the regular business operation, occurred occasionally with the opportunity from the Engineered Pumps and Systems Business Unit.

##### **Cost and operation expenses**

The Company had cost and operation expenses of Baht 532.94 million, increasing by Baht 169.60 million or at the rate 46.67% from the fourth quarter of 2017 (Q4/2017). The change is a result of (1) the increase in variable cost which moves in response to the increase of revenue. (2) Cost and operating expenses increased resulting mainly from the expenses of the Field of Flow Measurement Business which it was acquired by the Company on 1<sup>st</sup> November, 2017 and other subsidiaries were established in 2017.

#### **Year 2018 compared with Year 2017**

Year 2018, net profit of the Company was Baht 53.23 million, increasing by Baht 16.87 million or 46.40% from the prior year mainly due to

##### **Revenue**

The Company generated main revenue of Baht 1,777.44 million, increasing from the same period of 2017 by Baht 800.60 million or at the rate 81.96%. Other incomes amounted of Baht 19.25 million, decreasing by baht 12.87 million or at the rate 40.07%. The significant increment or decrement of main revenue to same period for the fourth quarter of 2018 (Q4/2018) compared with the fourth quarter of 2017 (Q4/2017).

##### **Cost and operation expenses**

The Company had cost and operation expenses of Baht 1,745.43 million, increasing from the same period of 2017 by Baht 772.07 million or at the rate 79.32%. The change is a result of (1) the increase in variable cost which moves in response to the increase of revenue. (2) Cost and operating expenses increased resulting mainly from the expenses of the Field of Flow Measurement Business which it was acquired by the Company on 1<sup>st</sup> November, 2017 and other subsidiaries were established in 2017.

Sincerely Yours.

(Mrs Udomporn Jiranapakulwat)

Chief Finance Officer and Accounting