



At SR E2561\_016

8<sup>th</sup> November, 2018

Subject : Management Discussion and Analysis (MD&A) for the Third Quarter of 2018

To : President of the Stock Exchange of Thailand

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

**Table of key financial results**

(Units:Million Baht)	Q2	Q3	Q3	%	%	9M	9M	%
	2018	2018	2017	Inc.(Dec.) QOQ	Inc.(Dec.) YOY	2018	2017	Inc.(Dec.) YTD
Main revenues	396.23	503.69	191.07	27.12%	163.62%	1,207.46	583.89	106.80%
Other revenues	8.28	6.49	3.49	(21.62%)	85.96%	22.34	14.81	50.84%
<b>Total revenues</b>	<b>404.51</b>	<b>510.18</b>	<b>194.56</b>	<b>26.12%</b>	<b>162.22%</b>	<b>1,229.80</b>	<b>598.70</b>	<b>105.41%</b>
Cost and operating expenses	(387.89)	(513.96)	(187.79)	32.50%	173.69%	(1,218.13)	(610.02)	99.69%
<b>Profit(Loss) for the periods</b>	<b>16.76</b>	<b>(3.28)</b>	<b>6.32</b>	<b>(119.57%)</b>	<b>(151.90%)</b>	<b>12.51</b>	<b>(10.78)</b>	<b>216.05%</b>

**For Third quarter of 2018 compared with Second quarter of 2018**

In the third quarter of 2018 (Q3/2018), net loss of the Company was Baht 3.28 million, decreasing by Baht 20.04 million or 119.57% when compared with the second quarter of 2018 (Q2/2018) mainly due to

Revenue

The Company generated main revenue of Baht 503.69 million increasing from the second quarter of 2018(Q2/2018) by Baht 107.46 million of at the rate 27.12%. The significant increment of main revenue is from (1) The Metering and Pipeline Transmission Business Unit recognized income from the new projects signed in the quarter 3-4 of 2017. (2) The Engineered Pumps and Systems Business Unit had been increasing the sales volume of Gould Pumps from the last year order and still continue to stimulate sales accordingly.

Cost and operation expenses

The Company had cost and operation expenses of Baht 513.96 million, increasing from the second quarter of 2018(Q2/2018) by Baht 126.07 million or at the rate 32.50%. The change is a result of (1) The increase in variable cost which moves in response to the increase of revenue. (2) The results from the construction cost increased recording the provision for construction loss project of the Alternative Energy Business Unit, the Company recorded the full amounts of losses in the income statement into the third quarter of 2018 (Q3/2018).



**For Third quarter of 2018 compared with Third quarter of 2017**

In the third quarter of 2018 (Q3/2018), net loss of the Company was Baht 3.28 million, decreasing by Baht 9.60 million or 151.90% when compared with the third quarter of 2017(Q3/2017) mainly due to

**Revenue**

The Company generated main revenue of Baht 503.69 million, increasing from the third quarter of 2017(Q3/2017) by Baht 312.62 million or at the rate 163.62%. The significant increment of main revenue is from (1) The Metering and Pipeline Transmission Business Unit recognized income from the new projects signed in the 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 1<sup>st</sup> November, 2017. (3) The Engineered Pumps and Systems Business Unit had been increasing the sales volume of Gould Pumps from the last year order and still continue to stimulate sales accordingly. (4) Alternative Energy Business Unit had changing calculated maintenance natural gas contract for billing with PTT bid on 2017. Separated to maintenance equipment and variable sales volume of each station natural gas.

**Cost and operation expenses**

The Company had cost and operation expenses of Baht 513.96 million, increasing from the third quarter of 2017(Q3/2017) by Baht 326.17 million or at the rate 173.69%. The change is a result of (1) The increase in variable cost which moves in response to the increase of revenue. (2) The results from the construction cost increased recording the provision for construction loss project of the Alternative Energy Business Unit, the Company recorded the full amounts of losses in the income statement into the third quarter of 2018 (Q3/2018). (3) The operating expenses increase resulting mainly from the expenses of the Field of Flow Measurement Business as mentioned above and other subsidiaries business as mentioned above.

**For the nine-month period ended September 2018 compared with 2017**

For the nine-month period ended September 2018, net profit of the Company was Baht 12.51 million, increasing by Baht 23.29 million or 216.05% when compared with the same period of 2017 mainly due to same period

**Revenue**

The Company generated main revenue of Baht 1,207.46 million, increasing from the same period of 2017 by Baht 623.57 million or at the rate 106.80%. The significant increment of main revenue to same period for third quarter of 2018 compared with third quarter of 2017.

**Cost and operation expenses**

The Company had cost and operation expenses of Baht 1,218.13 million, increasing from the same period of 2017 by Baht 608.11 million or at the rate 99.69%. The change is a result of (1) The increase in variable cost which moves in response to the increase of revenue. (2) The results from the construction cost increased recording the provision for construction loss project of the Alternative Energy Business Unit, the Company recorded the full amounts of losses in the income statement into the third quarter of 2018 (Q3/2018). (3) The operating expenses increase resulting mainly from the expenses of the Field of Flow Measurement Business as mentioned above and other subsidiaries business as mentioned above.

Sincerely Yours.

  
(Mrs Udorn Jiranapakulwat)

Chief Financial Officer