

MD&A

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED

For the three-month period ended June 30, 2019

Major attributes to the Company's operating performance variations between Q2/2019 and Q2/2018 are:

1. Total sale revenues decreased Baht 325.63 million (26.5%) from Baht 1,230.21 million to Baht 904.58 million because compared to Q2/2018, sale quantities of Q2/2019 decreased by 24% because Baht currency is stronger and global recession negatively affects consumption. In addition, customers in South Asia delayed order from weaker value of their local currency to U.S. Dollar, as well as, local commercial banks are stricter on credit facilities provided. However, since LPG cylinder is necessary as part of daily living and trade war between the U.S and China has positive effect on the Company, which is customers in the U.S. placed more orders. As a result, sale of Q2/2562 increased from prior period (Q1/2562) by 16.2%
2. Cost of Sales decreased Baht 268.54 million (27.9%) from Baht 963.49 million to Baht 694.95 million in concurrent with a decrease in total sale revenues.
3. Gross profit decreased Baht 57.09 million (21.4%) from Baht 266.72 million to Baht 209.63 million because of an decrease in sale revenue. For gross profit margin, it was increasing from 21.7% to 23.2% because cost of raw material (steel) slightly decreased and more efficiency resulted in a decrease in cost of production.
4. Other Incomes decreased Baht 18.2 million (24.8%) from Baht 73.37 million to Baht 55.17 million primarily due to an decrease in scrap sales which is concurrent with a decrease in production quantities
5. Selling Expenses decreased Baht 41.32 million (46.7%) from Baht 88.49 million to Baht 47.17 million because of a decrease in freight expense and sale promotion expense. Freight expense also decreased from CIF Sales decreased while FOB sales were increasing in order to serve customers' needs
6. Past Service Cost increased Baht 14.05 million (100%) since the Labor Protection Act No.7 B.E. 2019 was published in the Government Gazette which entitles employees who have worked for a consecutive period of 20 years or more to receive 400 days based on their salary as at the date of retirement. As a result, liabilities under post –employment benefits increased
7. Financial Cost increased Baht 0.71 million (22.2%) from Baht 3.20 million to Baht 3.91 million since the company has to reserve more cash for working capital and market interest rate increased.
8. Income Tax decreased Baht 13.92 million (32.3%) from Baht 43.03 million to Baht 29.11 million from a decrease in operating income for the period at the same tax rate of 20%

9. Net Income for the period decreased Baht 41.87 million (25.6%) from Baht 163.87 million to Baht 122.00 million because of a decrease in sale revenue net with a decrement in cost of sales and selling expenses. Although sale decreased, company's effective management led to better profitability, net profit margin increased from 12.57% in Q2/2561 to 12.71% in Q2/2562 and compared to first-half year of 2561 it increased from 10.98% to 11.60%.

Yours sincerely,

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Mr. Surasak Urpsirisuk

Managing Director