

MD&A

SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED

For the year ended December 31, 2017

Major attributes to the Company's operating performance variations between 2017 and 2016 are:

1. Total sale revenues increased Baht 857.80 million (24.7%) from Baht 3,469.00 million to Baht 4,326.80 million because compared to 2016, sale quantities of 2017 increased by 22% from the demands from Asia and Africa
2. Costs of Sales increased Baht 876.59 million (35.4%) from Baht 2,475.92 million to Baht 3,352.51 million in concurrent with an increase in total sale revenues. However, steel price, according to global market price, increased by 28% ;therefore, cost of sale substantially increased than an increase in sales
3. Gross profit decreased Baht 18.79 million (1.9%) from Baht 993.08 million to Baht 974.29 million and gross profit margin decreased from 28.6% to 22.5% due to an increase in cost of raw material (steel). Although, the Company has already increased sale price, such other factors as stronger value of Baht and fierce competition in some countries also impacted profitability
4. Other Income increased Baht 43.84 million (31.1%) from Baht 140.98 million to Baht 184.82 million due to an increase in scrap sales which is concurrent with an increase in production quantity. Stronger value of Baht also caused unrealized gain from exchange rate from short-term loans for purchasing raw materials. As well as, gain from fair value adjustment of investment property led to an increase in other income.
5. Selling Expenses increased Baht 40.37 million (15.3%) from Baht 263.92 million to Baht 304.29 million because of an increase in sales revenues and cost of freight to some destinations
6. Financial Cost decreased Baht 2.18 million (22.0%) from Baht 9.93 million to Baht 7.75 million because the Company is able to find the fund with lower interest cost.
7. Net Income for the year decreased Baht 9.39 million (1.7%) from Baht 541.14 million to Baht 531.75 million because of an decrease in profitability from an increase in steel cost, more price competition and an increase in freight cost.

Yours sincerely,

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Mr. Surasak Urpsirisuk

Managing Director