

## MD&A

### SAHAMITR PRESSURE CONTAINER PUBLIC COMPANY LIMITED

For the year ended December 31, 2019

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

1. Total sale revenues decreased Baht 1,196.97 million (26.9%) from Baht 4,452.93 million to Baht 3,255.96 million because of Baht strength continuously. Global recession also lead to fierce competition and decreased general 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 gas cylinders is necessary for everyday use, customers returned to order in the last quarter. Moreover, trade war between the U.S and China encouraged U.S. customers to increase orders, as a result, U.S. sales increased. Among high competitive situation, the Company still focus on expanding to new market and research on new product which have high margin in order to maintain company's profitability.
2. Cost of Sales decreased Baht 920.12 million (26.2%) from Baht 3,508.99 million to Baht 2,588.87 million, in concurrent with a decrease in total sale revenues
3. Gross profit decreased Baht 276.85 million (29.3%) from Baht 943.94 million to Baht 667.09 million and gross profit margin slightly decreased from 21.2% to 20.5% because stronger value in Baht currency, net with a decrease in cost of steel.
4. Other Incomes decreased Baht 68.31 million (28.0%) from Baht 243.95 million to Baht 175.64 million because a decrease in scrap sales which is concurrent with a decrease in production quantities and sale price of scrap in the market decreased
5. Selling Expenses decreased Baht 109.33 million (37.9%) from Baht 288.42 million to Baht 179.09 million because of a decrease in freight expense and sale promotion expense
6. Income Tax decreased Baht 49.20 million (35.7%) from Baht 137.78 million to Baht 88.58 million from a decrease in operating income for the period at the same tax rate of 20%
7. Net Income for the period decreased Baht 183.23 million (32.8%) from Baht 558.42 million to Baht 375.19 million because sales decreased, net with a decrease in cost of sale and selling expenses.

Yours sincerely,

.....

Mr. Surasak Urpsirisuk

Managing Director