



- Translation -

August 9, 2017

Subject: Management explanation and analysis for Quarter ended 30 June 2017

Attn: The Managing Director, the Stock Exchange of Thailand

Pacific Pipe Public Company Limited would like to clarify the operating results of the Quarter ended June 30, 2017 that net loss of Baht 22.90 million, comparing to the same Quarter of previous year that has net profit Baht 109.06 million, decrease Baht 131.96 million or 121.00% as follow:

1. Revenue from sale and service was Baht 1,907.06 million, increased Baht 190.21 million or 11.08% from the same period of last year. This is result from increased in sale quantity from the same period of last year even though selling price decrease by steel price trend.
2. Cost of goods sold and service was Baht 1,857.31 million, increased Baht 346.62 million or 22.94% from the same period of last year. This is result increasing in sale quantity around 20% from the same period of last year.
3. Gross profit margin was 2.61% of Revenue from sale and service, decrease from the same period of last year that gross profit margin was 12.01%. This is result from steel price increase in Q1'2017 and then decrease in Q2'2017. Therefore, the selling prices decrease by the steel price trend while inventory still had higher price. Also, when comparing to the same period of last year, inventories on hand end of 31 March 2016 had low cost since last quarter of year 2015.
4. Administrative expenses were Baht 68.49 million, increased Baht 7.18 million or 11.71 % from the same period of last year. This is result from increasing in normally administration such as increasing in staff cost.
5. Finance cost was Baht 11.23 million; increase Baht 2.28 million or 25.52% from the same period of last year. This is the result from increasing in short term loans from financial institutions using for company's working capital.

Yours faithfully

- Signed by -

(Miss Viriya Ampornapakul)

Managing Director