

At SR-E2016/009

10 November 2016

Subject : Management Discussion and Analysis for 9 month period ended 30 September 2016

To : Managing Director

The Stock Exchange of Thailand

Siamraj Public Company Limited (“The Company”) would like to clarify the operating results for the 9 month period ended 30 September 2016 which changes at the rate exceeding 20% of those from the prior period. The details are as follows;

Consolidated financial statements			
Units : Baht million	2016	2015	
Main revenues	925.24	1,340.68	
Other revenues	56.29	79.47	
Total revenues	981.53	1,420.15	
Cost and operating expenses	(896.65)	(1,346.38)	
Profit (Loss) for the periods	70.54	51.23	

The Company reported its operating results according to consolidated financial statement for the 9 month period ended 30 September 2016 as net profit of 70.54 million, increasing by Baht 19.31 million, or 37.69% from the prior period. The main reasons for the change of the operation are as follows;

Revenues

For the first 9 month of 2016, the Company generated total revenue of Baht 925.24 million, decrease from the same period of 2015 for Baht 415.44 million or 30.99%. The significant decrement of main revenues is from 1) Metering and Pipeline Transmission business units. During the first 9 month of 2016, the numbers of outstanding construction project on hand and their value were significantly less than those of the same period last year. Moreover, the extend of construction percentage progress toward the completion is lower than those of prior year, resulting in the decrease of underlying revenues and 2) Natural Gas for Vehicles Business Unit. During the first 9 month of 2016, the value of service contract less than those of the same period last year and the decrease in oil price. In addition, the first 9 month of 2016, other revenue decrease from the prior year resulting mainly from the Company recognized revenue from commission fee less than those of the same period last year, decreasing by Baht 15.88 million, the Company got the commission fee from being a provider and coordinator for selling Gas Turbine to power plants which is the regular business operation occurred occasionally with the opportunity from Engineered Pumps and Systems business unit.

Costs and operating expenses

In the first 9 month of 2016, the Company had costs and operating expenses of Baht 896.65 million decreasing from that of 2015 by Baht 449.73 million or at the rate of 33.40% decrement. The change is a result of the decrease in variable expenses which move in respond to the decrease of revenues. Moreover, during the first 9 month of 2016, the Company has adopted the operation expense reduction programs where the expenses are carefully monitored and scrutinized which results in significantly decrease of many major expenses.

To be acknowledged accordingly



Sincerely Yours.


(Mrs Udomporn Jiranapakulwat)

Chief Financial Officer