

Management Discussion & Analysis: MD&A Q3/2017

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Subject: Management Discussion & Analysis for 3rd Quarter ending 30th September 2017

To: Director and Manager of The Stock Exchange Market of Thailand

Performance Overview

The Company had revenues from services and operations recognized in Q3 totaling 261.52MB, representing an increase of 52.27 MB as compared to the year prior (YoY) in correspondence to this year's Interior increment of recognized revenue.

The Company had a direct cost amounting to 260.14 MB in Q3, an increase of 87.41 MB as compared to the year prior (YoY), depicting that the increase in direct cost had exceeded the increase in revenue.

In Q3, the Company had a gross profit of 1.38 MB, a declination as compared to the year prior (YoY) due to the reasons stated below:

- The Company had accepted a semi-state enterprise project with strict rules and regulations and a limited access to the site, resulting in a considerable increment in direct cost
- Q3 is the usual Seasonal platform where the revenues on the Exhibition segment are not at its peak. Events with high revenues tend to be held annually on Q1 and Q4.
- Businesses regarding shopping malls and retails had been gradually slowing down; a few shopping malls had readjusted their opening dates towards the start of 2018. The Company had received projects on public area renovation of shopping malls in which the gross profit may not be substantially high.
- Upon strategies, the Company had begun to approach projects with a value of over 100 MB that in turns came with an extended period of work duration (approximately 8-20 months). Thus, the Company was required to prepare for the production line in order to support those maximized project scales in relation to manpower, machineries, or significant tools, resulting in a rise in overhead cost and a fall in gross profit.

In Q3, the Company's SG&A had been reduced by 3.04 MB as compared to the year prior (YoY), categorized and clarified below:

- An increase in Selling Expenses of 0.25 MB
- A decrease in Administrative Expenses of 3.28 MB

As a result of the Company's Re-structuring strategy to attentively accommodate and control current costs, reducing unnecessary expenses, and cutting down reoccurring payments, the SG&A had been greatly reduced by 2.43 MB as compared to the quarter prior (QoQ).

Despite a reduction in SG&A, the Company's revenue in Q3 had suffered a loss of 23.77 MB in reference to the reasons stated previously.

However, a strict measure had been implemented upon the control of direct cost in parallel to how the restructured personnel and internal teams had been progressively settling down; in consideration to the amount of backlog and prospective projects that will be happening within the start of next year, the Company is expecting to recover and aim towards the promising development from Q4/2017 onwards.