

Ref. Selic001/2017

27 February 2017

RE: Management Discussion and Analysis
Attn: The Board of Directors and Manager
The Stock Exchange of Thailand

Selic Corp PCL. (the company) would like to submit the management discussion and analysis for the Financial Statements of the Year 2016 as following;

Operating Result Analysis

Statement of Comprehensive Income	2015	2016	Increase (Decrease)
	Million Baht	Million Baht	%
Sales - Net	589.09	556.20	-5.58%
Other income	4.19	4.59	9.55%
Total Revenue	593.28	560.79	-5.48%
Cost of Sales	437.76	391.21	-10.63%
Gross Profit (Excluding Other Revenue)	151.33	164.99	9.03%
Selling Expenses	11.74	14.27	21.55%
Administration Expenses	86.48	106.24	26.50%
EBIT	57.30	49.07	-14.36%
Financial Cost	7.83	3.93	-49.81%
EBT	49.47	45.14	-8.75%
Tax	10.08	6.10	-39.48%
Net Profit for the Year	39.39	39.04	-0.89%
Other Comprehensive Income	-	2.05	
Total Comprehensive Income for the Year	39.39	41.09	4.32%

Revenues

The sales revenue for the year 2016 was Baht 556.20 million, decreased Baht 32.89 million or 5.58 percent from previous year, due to reducing the sales of low margin's products, especially the buy and sales items and some chemicals, in order to improve the profit margin percent.

For other revenues of the year 2016 ended December 31, 2016, it was Baht 4.59 million, increased Baht 0.40 million or 9.55 percent where it was from selling of end of life machine and equipment and scrap.

The total revenue of the year 2016 ended December 31, 2016 was from reducing the sales of low margin's products. However the company has got a greater profit margin percent to be 29.66 % (Excluding Other Revenue) increasing from previous year of 9.03 percent.

Cost of Sales and Gross Profit Margin

For the year 2016 ended December 31, 2016 the company's cost of sales was Baht 391.21 million or 70.34 percent of total revenue, decreased 46.55 million or 10.63 percent from previous year due to the total revenue decreased and the cost of material was also decreased according to the the world oil price that has been decreased continuously, also the company decided to reducing low margin's products and able to reused the over useful life's product to be a quality products. These results a lower cost of sales and greater Gross Profit Margin in the Year 2016.

For the year 2016 ended December 31, 2016 the company's gross margin percent (Excluding Other Revenue) was Baht 164.99 million or 29.66 percent, increased from the previous year Baht 13.66 million or 9.03 percent due to the above reasons.

Selling and Administration Expenses

For the year 2016 ended December 31, 2016 the company's selling and administration Expenses was Baht 120.51 million, increased from previously year Baht 22.29 million, contains of selling expenses Baht 14.27 million, increased from previous year Baht 2.53 million or 21.55 percent, due to increase of exporting expense due to increase of export sales.

For the year 2016 ended December 31, 2016 the company's selling and administration Expenses was Baht 106.24 million, increased of Baht 19.76 million or 26.50 percent, effecting from annual salary increments, adding human resource and new management teams, also stationeries and office equipment's and supplies due to adding personal in sales and marketing area. Other fee was increased of Baht 0.38 million due to trade mark register and renewal of some trademarks.

Financial Costs

The company's financial cost was Baht 3.93 million for the year 2016 ended December 31, 2016 decrease of Baht 3.90 million or 49.81 percent from previous year. Effecting from O.D. and Short Term Loan Interest decreased.

Net Profit and Net Profit Margin

For the year 2016 ended December 31, 2016 the company's net profit was Baht 39.04 million, decreased of Baht 0.35 million or 0.89 percent from previous year. However, the company net profit percent (to total revenue) was greater from previously, from 6.64 percent year 2015 to 6.96 percent in year 2016, the main reasons are from better cost management and controlling of selling and administration expenses.

Moreover, the company's Net Profit after Other Comprehensive Income was Baht 41.09 Million, increased from previously year Baht 1.7 million or 4.32 percent due to Actuarial gain on measurement of liability for post-employment benefits in 2016 Baht 1.90 million and the change in fair value of current investment Baht 0.12 million. These reason effects to a greater net profit after other comprehensive from Baht 39.39 million or 6.64 percent in the year 2015 to Baht 41.09 million or 7.33 percent in the year 2016.

Yours Faithfully

(Ek Suwatthanaphim)

Chief Executive Officer

Selic Corp PCL.