



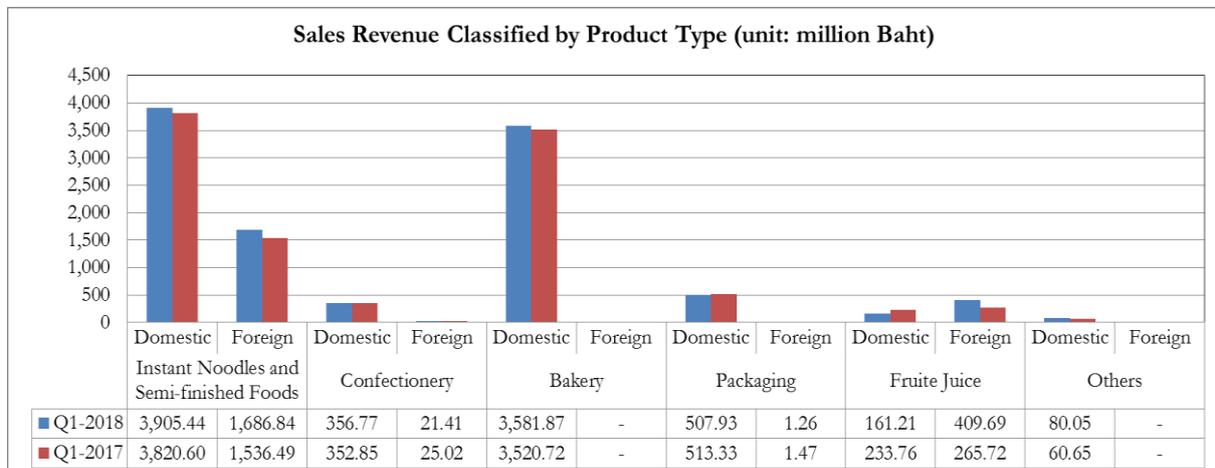
Management Discussion and Analysis For the three-month periods ended 30 June 2018

Thai President Foods Public Company Limited or TFMAMA was founded from the amalgamation of TF and PR on 16th October, 2017. As a result of the amalgamation, the Company received the assets, liabilities, rights and obligations of both companies. This amalgamation was thus considered to be a business combination under common control, and the Company presented information in the consolidated financial statements for the three-month period ended 30 June 2017 to reflect the financial position, operating results, and cash flows of the group of companies under common control on the basis of economic substance, even though the legal form of the Company was established subsequent to 30 June 2017.

1. Performance Results

1.1 Sales

The company recorded the total sales of Baht 5,538.85 million and Baht 5,094.74 million in Q2/2018 and Q2/2017 respectively, or increasing by 8.72%. Additionally, the total sales in first half of 2018 stood at Baht 10,712.47 million, increasing by Baht 381.86 million or 3.70% from the same period last year.



When classified by products and regions in H1/2018, the domestic sales rose by 1.07%, while the exporting sales also rose by 15.89%. Such growth was attributed to increasing overall market value and to our continuous marketing activities. For the Instant Noodles and Semi-finished Foods product, the company has launched 2 new products, MaMa Oriental Kitchen (OK), for domestic market and a new POT Noodle in export market. In term of market distribution, the composition of each exporting market was close to the past year. In particular, Asian market was the biggest exporting region of the Company while Europe markets earned the biggest growth.



1.2 Cost of Sales

The cost of sales of the Company amounted to Baht 3,567.10 million in Q2/2018, increasing by Baht 174.75 million or 5.15% from the previous year, mainly due to higher raw material and packaging cost in accordance with higher sales volume. However, the cost of sales to total revenues ratio was at 64.82% in H1/2018, slightly below that in the previous year due to the lower price of palm oil.

1.3 Selling and Administrative Expenses

The selling and administrative expenses in Q2/2018 totaled to Baht 913.80 million, increasing by Baht 13.52 million or 1.50% from a year earlier. Our selling and administrative expense was increasing from higher marketing expense and salary base. However the selling and administrative expenses to the total revenues ratio was at 16.14%, decreased by 0.94 % compared with the ratio of last year.

1.4 Net Profit

The Company recorded net profit of Baht 845.70 million in Q2/2018, increasing by Baht 169.09 million or 24.99% from the previous year. The profit margin of the company stood at 14.94 % of total sales mainly because of the growth of sales volume, while the company can control the total cost to sales ratio at relatively low level. In overall, the Company gained net profit of Baht 1,535.14 million in H1/2018, or increasing by Baht 176.29 million or 12.97% from the same period last year.

2. Financial Position

2.1 Assets

The total assets of the Company as of June 30, 2018 amounted to Baht 30,547.77 million, increasing by Baht 1,184.60 million or 4.03% from the end of last year. The structure of assets of the Company consisted of the fixed assets of Baht 15,240.70 million, accounting for 49.89% of total assets, and the current assets of Baht 15,307.06 million, accounting for 50.11% of total assets. Our asset mainly increased from increasing amount of cash and short-term investment to longer-term investment.

2.2 Liabilities

Total liability of the Company stood at Baht 3,826.42 million as of June 30, 2018, increasing by Baht 120.46 million from the end of last year. Our liability was increasing from higher outstanding of undue accrued payable. Most of liability of the company was current liability, while the long-term liability was accounted for 27.57% of total liability. Additionally, debt to equity ratio of the Company was at 0.14



2.3 Shareholders' Equity

The shareholders' equity of the Company as of June 30, 2018 amounted to Baht 26,721.35 million, increasing by Baht 1,064.14 million or 4.15% from the end of 2017, resulting from the net profit of Baht 1,535.14 million in H1/2018. The Company recorded the dividend payment at Baht 537.42 million.

3. Liquidity Position

The balance of operation cash inflow in H1/2018 totaled to Baht 2,716.92 million. Meanwhile the cash outflow from investment and financing activities amounted to Baht 1,221.51 million and Baht 607.98 million respectively. The Company, as of June 30, 2018, recorded cash and cash equivalent item of Baht 3,653.19 million. Such increase mainly resulted from higher operating profit, whereas there was higher purchase of land, building and equipment in our subsidiary companies and the company has dividend payment during the period.