



Management Discussion and Analysis For the three-month periods ended 31 March 2018

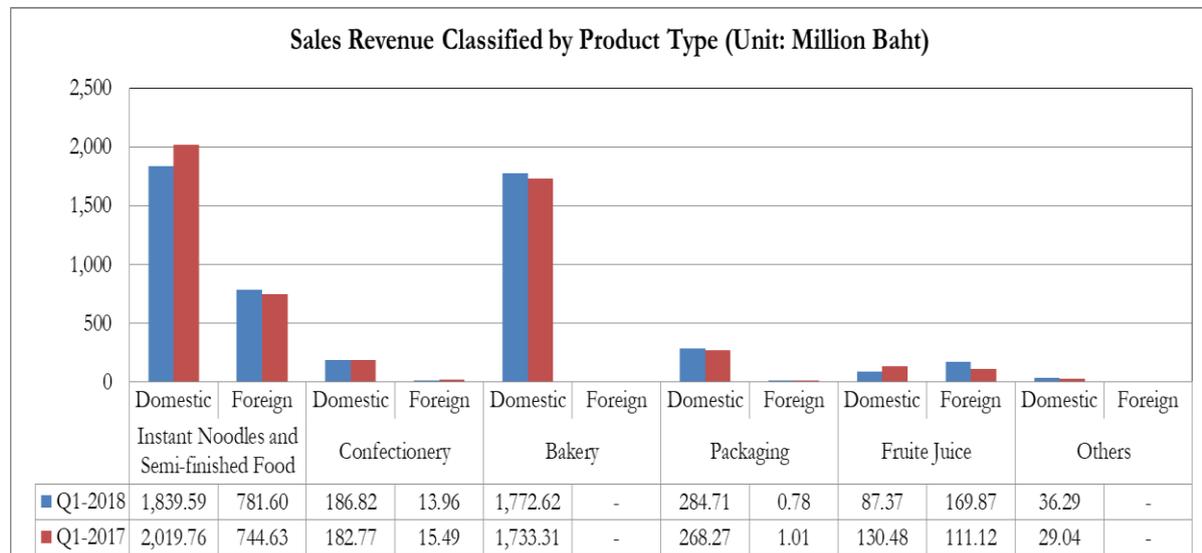
Thai President Foods Public Company Limited or TFMAMA was founded from the amalgamation of TF and PR on 16th October, 2017. As a result of the amalgamation, the Company received the assets, liabilities, rights and obligations of both companies. This amalgamation was thus considered to be a business combination under common control, and the Company presented information in the consolidated financial statements for the three-month period ended 31 March 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 31 March 2017.

1. Performance Results

1.1 Sales

The company recorded the total sales of Baht 5,173.62 million and Baht 5,235.88 million in Q1/2018 and Q1/2017 respectively, or decreasing by 1.19%.

When classified by products and regions in Q1/2018, the domestic sales decreased by 3.58% due to the total instant noodle market slowed down, while the foreign market sales jump by 10.77% which resulted from the economic was picking up and our products gained more acceptance from consumers. In term of market distribution, the composition of each exporting market was close to the past year. In particular, Europe market showed better sales in this quarter while Asia market slowed down but still was the biggest exporting region of the Company





1.2 Cost of Sales

The cost of sales of the Company amounted to Baht 3,376.62 million in Q1/2018, decreasing by Baht 121.15 million or 3.46% from the previous year, mainly due to lower raw material and packaging cost in accordance with less sales volume. Thus, the cost of sales to total sales revenues ratio was at 65.27%, lower than that in the previous year which stood at 66.80% resulted from the price of raw material dropped.

1.3 Selling and Administrative Expenses

The selling and administrative expenses in Q1/2018 totaled to Baht 891.73 million, increasing by Baht 23.87 million or 2.75% from a year earlier. The increase in our selling and administrative expenses resulted from higher employee expense in accordance with higher number of employees and salary base. Together with higher exporting expense due to exporting volume expansion and higher marketing and advertising expense.

1.4 Net Profit

The Company recorded net profit of Baht 689.43 million in Q1/2018, increasing by Baht 7.20 million or 1.06% from the previous year. The profit margin of the company stood at 13.33% of total sales, mainly because of reducing in cost of sales

2. Financial Position

2.1 Assets

The total assets of the Company as of March 31, 2018 amounted to Baht 30,208.71 million, increasing by Baht 845.54 million or 2.88% from the end of last year. The structure of assets of the Company consisted of the fixed assets of Baht 15,649.96 million, accounting for 51.81% of total assets, and the current assets of Baht 14,558.75 million, accounting for 48.19% of total assets. Our asset mainly increased from increasing amount of the cash and cash equivalents item which result from increasing in the net profit.

2.2 Liabilities

Total liability if the Company stood at Baht 3,660.88 million as of March 31, 2018, decreasing by Baht 45.08 million from the end of last year. Our liability was decreasing from lower outstanding of accrued bonus. Most of liability of the company was current liability, while the long-term liability was accounted for 28.79% 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 March 31, 2018 amounted to Baht 26,547.84 million, increasing by Baht 890.63 million or 3.47% from the end of 2017, resulting from the net profit of this quarter.

3. Liquidity Position

The balance of operation activities cash inflow in Q1/2018 totaled to Baht 1,283.34 million. Meanwhile the cash outflow from investment and financing activities amounted to Baht 1,222.86 million and Baht 51.49 million respectively. The Company, as of March 31, 2018, recorded cash and cash equivalents item of Baht 2,780.32 million, increasing by Baht 2.94 million from the beginning period. Such increase mainly resulted from higher profit of the period.