



## **Management Discussion and Analysis**

### **For the three-month ended June 30, 2017**

#### **1. Performance Results**

##### **1.1 Sales**

The company recorded the total sales of Baht 3,038.75 million and Baht 3,099.23 million in Q2/2017 and Q2/2016 respectively, or decreasing by 1.95%. Additionally, the total sales in first half of 2017 stood at Baht 6,305.89 million, increasing by Baht 292.95 million or 4.87% from the same period last year.

When classified by products and regions in Q2/2017, the domestic sales decreased by 6.22% due to there are a lot of holidays in this quarter and less consumption, while the foreign market sales jump by 11.82% which resulted from the economic was picking up and make consumers earn more purchasing power. 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.

##### **1.2 Cost of Sales**

The cost of sales of the Company amounted to Baht 2,165.23 million in Q2/2017, decreasing by Baht 26.00 million or 1.19% 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 71.25%, a bit higher than that in the previous year which stood at 70.70% resulted from higher palm oil price.

##### **1.3 Selling and Administrative Expenses**

The selling and administrative expenses in Q2/2017 totaled to Baht 427.49 million, increasing by Baht 30.75 million or 7.75% from a year earlier. The increase in our selling and administrative expenses resulted from higher marketing and advertising expense. However the selling and administrative expense to the total revenues ratio was at 12.84%, a bit higher than the ratio of last year.

##### **1.4 Net Profit**

The Company recorded net profit of Baht 648.30 million in Q2/2017, increasing by Baht 86.06 million or 15.31% from the previous year. The profit margin of the company stood at 19.47 % of total sales, mainly because of our growth of other income which mainly came from liquidation of President Rice Plc. stock in hand to comply with Section 66 of the PLCA which prescribes that the company shall not own its own shares. In overall, the Company gained net profit of Baht 1,228.02 million in H1/2017, or increasing by Baht 194.36 million or 18.80% from the same period last year.



## **2. Financial Position**

### **2.1 Assets**

The total assets of the Company as of June 31, 2017 amounted to Baht 21,202.62 million, increasing by Baht 638.06 million or 3.10% from the end of last year. The structure of assets of the Company consisted of the fixed assets of Baht 12,074.29 million, accounting for 56.95% of total assets, and the current assets of Baht 9,128.33 million, accounting for 43.05% 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 2,791.19 million as of June 31, 2017, decreasing by Baht 99.49 million from the end of last year. Our liability was decreasing from lower outstanding of trade payable and accrued bonus. Most of liability of the company was current liability, while the long-term liability was accounted for 45.38% of total liability. Additionally, debt to equity ratio of the Company was at 0.163

### **2.3 Shareholders' Equity**

The shareholders' equity of the Company as of June 31, 2017 amounted to Baht 18,411.43 million, increasing by Baht 725.22 million or 4.10% from the end of 2016, resulting from the net profit of the first half period.

## **3. Liquidity Position**

The balance of operation and investment activities cash inflow in Q2/2017 totaled to Baht 890.40 million and Baht 1,416.20 million respectively. Meanwhile the cash outflow from financing activities amounted to Baht 416.13 million. The Company, as of June 31, 2017, recorded cash and cash equivalents item of Baht 3,680.10 million, increasing by Baht 1,892.23 million from the beginning period. Such increase mainly resulted from higher profit of the period and maintaining cash for tender offering President Bakery Plc.