



## Management Discussion and Analysis and Performance Results

Because the Company shall be resulted from the amalgamation procedure as prescribed by Public Limited Company Act B.E. 2535 (including the Amendment, “Public Limited Companies Act”) between Thai President Foods Plc(“TF”) and President Rice Products Plc(“PR”), the auditor of the Company has prepared the consolidated financial statement to disclose the financial performance after the amalgamation and represent the appropriate financial information as presumed to be amalgamated since Jan 1, 2015, as well as to reflect proper adjusting entries.

The performance results of the Company and Subsidiaries for the year 2015-2016 and for 9-month of the year 2017 as per the consolidated financial statements are detailed below,

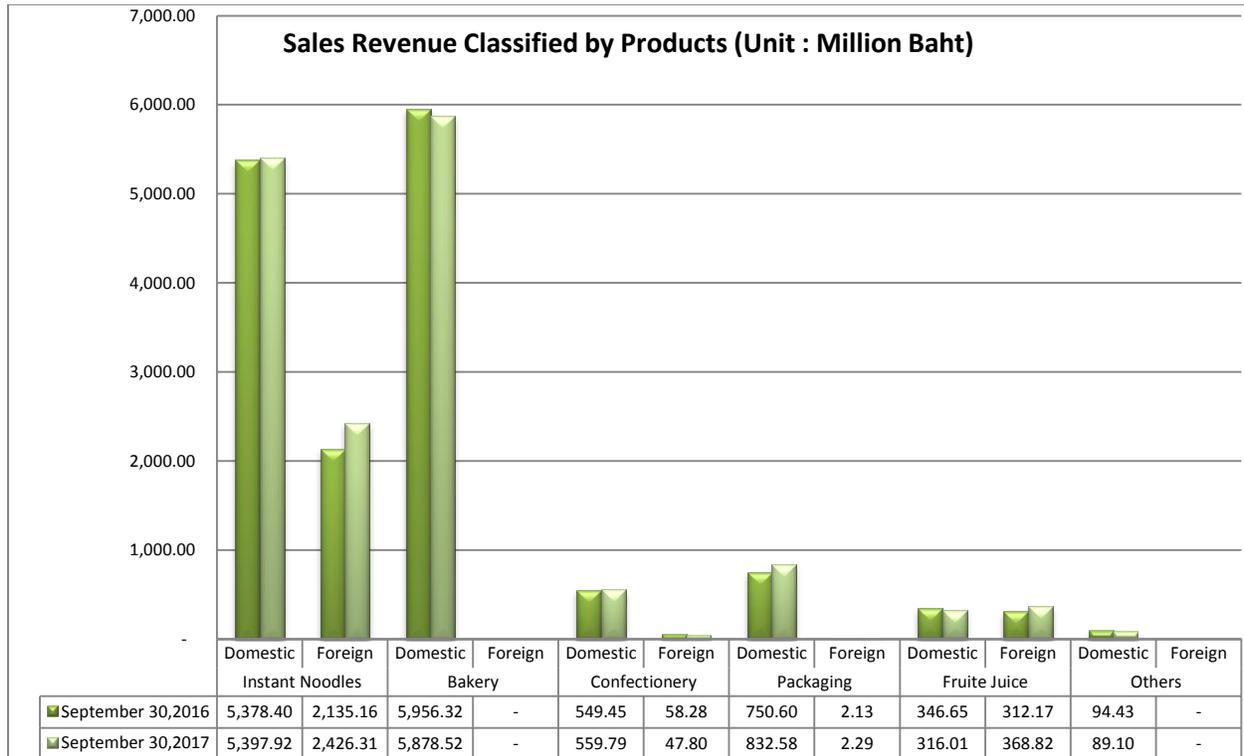
### 1. Performance Results

#### 1.1 Sales Revenue

The Company recorded the total sales of Baht 15,919 million in first 9-month of 2017, increasing by Baht 335 million or by 2.15% from the same period last year. The total sales composed of sales from TF by Baht 9,349 million or 58.73% of total sales, from PR by 1,072 million or 6.73% of total sales, and from PB by Baht 5,498 million or 34.54% of total sales(to be consolidated after the Amalgamation). The sales of TF and PR grew by 4.11% and 12.72% from the same period last year respectively due to overall growing domestic market environment, as well as due to increasing sales revenue from 3 new products, namely “Mama Instant Tom Yum Rice Noodles”, “Mama Cup Instant Rice Soup Minced Pork with Garlic and Pepper Flavour”, and “Mama Jok Cup Instant Rice Porridge Shrimp Tom Yum Flavour” which were launched since early 2017 and were well marketable so far. Meanwhile, the sales of PB was decreasing due to intensifier market competition, however the company has performed continuous product development to penetrate Fast Food and Restaurant business, thus supporting 11.63% and 8.69% growth in Q3 and in first 9-month of 2017 respectively.



1.1.1 Sales Revenue Classified by Products, by Companies, and by Area



- Instant Noodles and Finished Food

Domestic Market

Domestic Market grew by 0.36% for the period ended on Sep 30, 2017 due to product development and continuous marketing activities, as well as to overall market recovery from the previous year. The highest sales resulted from the sales of “Shrimp Tom Yum Flavour”, “Minced Pork Flavour”, and “Shrimp Creamy Tom Yum Flavour”. In addition, the company has launched new product continuously, which gained satisfying response from general consumers.

Foreign Market

Foreign Market grew by 13.64% for the period ended on Sep 30, 2017. When classified by region, the sales from Asian Market was accounted for the highest share and increased at highest growth among the other region. In a meantime, the sales from American Market grew constantly due to effective marketing activities and sale promotion activities which were jointly performed with the oversea selling agents in order to promote our products in the global market.



- **Bakery Products**

The sales of bakery products fell by 1.30% for the period ended on Sep 30, 2017 due to intensifier market competition and more choice for customers. However the company gained satisfying growth in Fast Food and Restaurant business. In addition, the company carried on continuous advertising and sale promotion activities in order to promote sales volume and product distribution to wider customers.

- **Other Products**

The sales of the other products, including biscuit, packaging, fruit juice, and so on, grew by 4.86% for the period ended on Sep 30, 2017. Especially, the sales of exporting fruit juice rose by 18.15% due to continuous growth in Cambodian Market.

### **1.2 Cost of Sales**

The cost of sales of the Company amounted to Baht 10,564.23 million in first 9-month of 2017, increasing by Baht 278 million or by 2.70% from the previous year, mainly due to higher use of raw material and packaging material according to higher production and sales volume. Meanwhile, the price of major raw material was close to the price in the previous year. As a result, the cost of sales to total sales revenues ratio was at 64.92%, close to the ratio of 64.80 in the previous year.

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

The selling and administrative expenses totaled to Baht 2,703.93 million, increasing by Baht 175.07 million or by 6.92%. The increase in selling and administrative expenses was attributed to higher amount of employees' remuneration, such as salary, overtime and allowance expenses, according to higher number of employees and salary base. In addition, the company had paid for the amalgamation expenses in the past year. However the selling and administrative expense to the total sales revenue ratio was at 16.62%.

### **1.4 Net Profit**

The company gained net profit of Baht 2,827.44 million, decreasing by Baht 55.74 million or by 1.93% from a year earlier. Meanwhile, the profit margin of the Company stood at 17.37% of total income, mainly due to falling profit of PB resulting from lower sales revenue but the cost of sales was less lower.

The net profit of Baht 2,827.44 million composed of the profit of TF by Baht 1,770 million, accounting for 62.61%, the profit of PR by Baht 87 million, accounting for 3.08%, and the profit of PB by Baht 970 million, accounting for 34.31% of total profit respectively.



## 2. Financial Position

### 2.1 Assets

The total assets of the company as of Sep 30, 2017 amounted to Baht 28,965.50 million, increasing by Baht 1,679.22 million from the end of last year, or by 6.15%. The main assets of the Company consisted of the fixed assets of Baht 15,936.04 million, accounting for 55.02% of total assets, and the current assets of Baht 13,029.47 million, accounting for 44.98% of total assets. Meanwhile, the increasing asset was mainly resulted from the cash and cash equivalents item according to increasing amount of net profit.

### 2.2 Liabilities

Total liability of the company stood at Baht 4,419.36 million as of Sep 30, 2017, increasing by Baht 444.24 million from the end of last year or by 11.18%. The increasing liability mainly resulted from higher amount of trade payable and accrued bonus, which were not due to be paid. However, the most of liability of the company was current liability, while the long-term liability was accounted for 26.79% of total liability. Additionally, the debt to equity ratio of the company was at 0.18 time.

### 2.3 Shareholders' Equity

The shareholders' equity of the company as of Sep 30, 2017 amounted to Baht 24,546.15 million, increasing by Baht 1,234.98 million or by 5.30%, resulting from the amount of interim profit of the company. As a result, the book value of the company increased from 70.70 Baht per share to 74.45 Baht per share, or rising by 3.75 Baht per share or by 5.30%.

## 3. Liquidity Position and Suitability of Capital Structure

### 3.1 Liquidity Position

The company maintained current ratio at 4.03 times, and quick ratio at 3.48 times, close to the ratio at 4.04 times and at 3.59 times respectively as of Dec 31, 2016, mainly resulting from increasing amount of cash and cash equivalents together with higher amount of trade payable and other payable transaction.

### 3.2 Suitability of Capital Structure

The debt with interest obligation to shareholders' equity ratio of the company as of Sep 30, 2017 was low at 0.01 time, while the interest coverage ratio was high at 261.02 times, thus reflecting the stability of capital structure and strong capability of debt service of the company.

Remark : The Q3/2017 of TF and PR financial statement could be viewed at [www.set.or.th](http://www.set.or.th) or [www.mama.co.th](http://www.mama.co.th)