

Management Discussion and Analysis Tipco Foods Public Company Limited

For the Three-month Period ended March 31, 2018

1. Consolidated statement of comprehensive income for the three-month period ended March 31, 2018

Unit : Thousand Baht

Statement of comprehensive income	First Quarter		Changes	
	2018	2017	Increase (Decrease)	%
Sales and service income	978,345	1,267,401	(289,056)	-23%
Other income	24,373	18,574	5,799	31%
Total revenues	1,002,718	1,285,975	(283,257)	-22%
Total expenses	1,003,658	1,161,882	(158,224)	-14%
Profit (loss) before share of profit from investment in associate, finance cost and income tax	(940)	124,093	(125,033)	-101%
Share of profit from investment in associate	71,904	294,542	(222,638)	-76%
Profit (loss) before finance cost and income tax	70,964	418,635	(347,671)	-83%
Finance cost	(11,472)	(11,347)	(125)	1%
Profit (loss) before income tax	59,492	407,288	(347,796)	-85%
Income tax	(9,728)	(19,777)	10,049	-51%
Profit for the period	49,764	387,511	(337,747)	-87%
Profit attributable to equity holders of the Company	49,764	386,380	(336,616)	-87%

In the 1st quarter of 2018, the Company and its subsidiaries reported a net profit attributable to equity holders of the Company of Baht 50 million, a decrease of 87% compared to the same period last year, the details of which are as follows:

1.1 Sales and service income

Unit : Thousand Baht

	Product of vegetable and fruit		Changes		Beverage		Changes		Other		Changes		Consolidated financial statements		Changes	
	2018	2017	Increase (Decrease)	%	2018	2017	Increase (Decrease)	%	2018	2017	Increase (Decrease)	%	2018	2017	Increase (Decrease)	%
Sales and service income	359	570	(211)	-37%	589	674	(85)	-13%	30	23	7	30%	978	1,267	(289)	-23%

In the 1st quarter of 2018 the Company and its subsidiaries reported Sale and service income of Baht 978 million, decreased by 23% from the same period last year primarily from a decrease in revenue of Product of vegetable and fruit business due to a decrease in selling price which is in accordance with a decrease in raw material price as well as a decrease in revenue of Beverage business caused by slowdown of domestic consumptions.

1.2 Operating Expense

Unit : Thousand Baht

Expenses	First Quarter		Change	
	2018	2017	Increase (Decrease)	%
Cost of sales and services	761,301	853,094	(91,793)	-11%
Selling expenses	160,171	200,012	(39,841)	-20%
Administrative expenses	109,280	107,780	1,500	1%
Other expenses	(27,094)	996	(28,090)	-2820%
Total expenses	1,003,658	1,161,882	(158,224)	-14%

In the 1st quarter of 2018 the Company and its subsidiaries reported total Operating Expense of Baht 1,004 million decreased by 14% compared to the same period last year, mainly due to the following reasons

- A decrease in Cost of sale and service by 11% which was in accordance with a decrease in Sale and Service Income. Also, a raw material price of Product of vegetable & Fruit segment remained at low level.
- A decrease in Selling Expenses by 20% which was in accordance with a decrease in Sale and service income and controlling of marketing and promotion expenses.
- Administrative expenses was closed to the previous year with an increase by 1%.
- Other expenses were Reversal of allowance for impairment of machinery amount Baht 29 million and Loss on fair value of biological assets amount Baht 2 million.

1.3 Share of profit from investment in associate

In the 1st quarter of 2018 the Company reported Share of profit from investment in associate of Baht 72 million decreased by 76% compared to the same period last year

1.4 Finance cost

In the 1st quarter of 2018 the Company and its subsidiaries reported Finance cost of Baht 11 million which was closed to the previous year with an increase by 1%.

2. Consolidated statement of financial position as at 31 March 2018

Unit : Thousand Baht

Statement of financial position	Consolidated financial statements		Changes	
	31-Mar-18	31-Dec-17	Increase (Decrease)	%
Assets				
Current assets	1,810,334	1,781,227	29,107	2%
Non-current assets	5,247,361	5,157,202	90,159	2%
Total assets	7,057,695	6,938,429	119,266	2%
Liabilities and shareholders' equity				
Liabilities				
Current liabilities	1,798,802	1,771,259	27,543	2%
Non-current liabilities	907,404	796,554	110,850	14%
Total liabilities	2,706,206	2,567,813	138,393	5%
Total shareholders' equity	4,351,489	4,370,616	(19,127)	0%
Total liabilities and shareholders' equity	7,057,695	6,938,429	119,266	2%

2.1 Asset

As at March 31, 2018, Total Assets of the Company and its subsidiaries was Baht 7,058 million increased by 2% from the end of 2017. Key changes were an increase in current assets by Baht 29 million or 2% from an increase in inventory and an increase in non-current assets by Baht 90 million from an increase in investment of property, plant and equipment.

2.2 Liabilities

As at March 31, 2018, Total Liabilities of the Company and its subsidiaries was Baht 2,706 million increased by 5% from the end of 2017. Key changes were an increase in current liabilities by Baht 28 million or 2% from an increase in short-term loans for working capital and an increase in non-current liabilities by Baht 111 million for investment of property, plant and equipment.

2.3 Shareholders' equity

As at March 31, 2018, Total Shareholders' Equity of the Company and its subsidiaries was Baht 4,351 million decreased by 0.4% from the end of 2017. Key change was a decrease in other components of shareholders' equity by Baht 71 million.

3. Consolidated cash flow statement for the three-month period ended March 31, 2018

Unit : Thousand Baht

Cash flow statement	First Quarter 2018
Cash flows from operating activities	
Net cash flows from (used in) operating activities	(140,266)
Cash flows from investing activities	
Net cash flows from (used in) investing activities	(124,251)
Cash flows from financing activities	
Net cash flows from (used in) financing activities	165,018
Net increase (decrease) in cash and cash equivalents	(99,499)
Cash and cash equivalents at beginning of period	199,464
Cash and cash equivalents at end of period	99,965

As at March 31, 2018, the Cash and Cash Equivalent of the Company and its subsidiaries was Baht 100 million decreased by 50% from the end of 2017. The Company and its subsidiaries reported net cash outflows from operating activities of Baht 140 million, net cash outflows from investing activities of Baht 124 million which mainly for additional investment in property, plant and equipment and net cash inflows from financial activities of Baht 165 million which mainly from long-term loan.

4. Financial Ratio from consolidated financial statement for the three-month period ended March 31,
2018

Profitability ratios	For the three-month period		Changes
	2018	2017	
Gross Profit Margin	22%	33%	-11%
EBITDA Margin	14%	37%	-24%
Net Profit Margin	5%	30%	-25%
Leverage and Liquidity ratios	31-Mar-17	31-Dec-16	Changes
Debt to equity ratio (Times)	0.62	0.59	0.03
Liquidity ratio (Times)	1.01	1.01	0.00