



TIPCO 028/2015

14 August 2015

Re: Management discussion and analysis (MD&A) for the second quarter of 2015  
To: The President  
The Stock Exchange of Thailand

Tipco Foods Public Company Limited would like to report and clarify the operating results for the second quarter of 2015 in accordance with reviewed Consolidated Financial Statement as of June 30, 2015. The highlighted key performance were set forth as follow;

### **Sales and services revenues**

The consolidated sales and services revenues in the 2Q/2015 were Baht 1,528.34 million, a significant increase by Baht 323.55 million or 26.85% QoQ as all subsidiaries performed better. Moreover, as compared with 2Q/2014, the Company presented a slight increase by Baht 39.14 million or 2.63% YoY mainly resulted from a significant improvement of mineral water sales and plant extraction business.

Six-month performance comparison, sales and services revenues on 1H/2015 were Baht 2,733.14 million compared with Baht 2,845.19 million in 1H/2014, gently fell by Baht 112.15 million or 3.94% as a result of a decline in canned pineapple business.

### **Cost of goods sold**

Cost of goods sold for 2Q/2015 were Baht 1,065.99 million, an increase by 30.37% QoQ or 1.81% YoY as a consequence of an increase in sales and services revenues. However, gross profit margin improved slightly to 30.25% in this quarter from 29.69% in 2Q/2014 due to an improvement in gross profit from mineral water business.

Similar to quarterly performance, six-month performance displayed slight improvement of gross profit margin from 30.84% in 1H2014 to 31.08% in 1H2015.

### **Selling and Administrative Expenses**

Selling and Administrative expenses in this quarter were Baht 504.00 million, grew by 25.65% QoQ due to an increase in selling expenses such as sale promotion expense and advertising expense. Besides, the proportion of selling and administrative expenses to total revenue decreased to 30.87% in this quarter from 30.98% in 1Q/2015 and 33.74% in 2Q/2014.

### **Net Profit**

The consolidated net profit attributable to the equity holders of the parent for 2Q/2015 were Baht 362.37 million, a slight increase by 13.63% QoQ. Additionally, as compared with 2Q/2014, a substantial increase in net profit by Baht 405.40 million or 942.07% YoY mainly resulted from share of profit from investments in associated company.



For six-month performance comparison, net profit attributable to the equity holders of the parent showed a significant improvement to Baht 681.27 million in 1H/2015 from Baht 15.84 million in 1H/2014. Disregarding of share of profit from investments in associated company, net profit from core business improved significantly from loss Baht 45.27 million to Baht 60.37 million.

### Financial Position

#### Asset

As of 30 June 2015, the Company reported total asset of Baht 6,010.86 million, grew from the year end 2014 by Baht 489.40 million or 8.86% due largely to an increase in investments in associated company by Baht 565.84 million.

#### Liabilities

A gradual drop in total liabilities from Baht 2,766.49 million by the end of previous year to Baht 2,565.33 million in this quarter, declined by Baht 201.16 million or 7.27% as a result of repayment on bank overdrafts and short-term loans from financial institutions by Baht 275 million.

#### Equities

As of 30 June 2015, the Company's total shareholders equity grew to Baht 3,445.54 million or increased from the year end 2014 by 25.07% mainly from a substantial increase in an unappropriated retained earnings by Baht 681.27 million or 36.00%.

Please kindly be informed accordingly

Sincerely yours,

Ekaphol Pongstabhon

Managing Director