



(Translation)

TIPCO 032/2016

11 November 2016

Re: Management discussion and analysis (MD&A) for the 3<sup>rd</sup> quarter of 2016

To: The President

The Stock Exchange of Thailand

Tipco Foods Public Company Limited or "TIPCO" would like to report and clarify the operating results for the 3<sup>rd</sup> quarter of 2016 in accordance with reviewed Consolidated Financial Statement as of September 30, 2016. The highlighted key performance were set forth as follow;

#### **Sales and services revenues**

The consolidated sales and services revenues in the 3Q/2016 were Baht 1,176.1 million compared with Baht 1,041.2 million in 3Q/2015, increased by Baht 134.8 million or 12.9% YoY mainly from an increase in sale revenue from all businesses.

For nine-month performance, sales and services revenues were Baht 3,961.6 million compared with Baht 3,468.1 million in 9M/2015, rose by Baht 493.4 million or 14.2% mainly from an improvement in processed fruit business and retail business.

#### **Cost of goods sold**

Cost of goods sold in 3Q/2016 were Baht 868.3 million compared with Baht 758.0 million in the 3Q/2015, an increase by Baht 110.3 million or 14.6% YoY as a result of an increase in sale revenue. Hence, gross profit improved dramatically to Baht 307.8 million in this quarter from Baht 283.3 million in 3Q/2015, improved by Baht 24.5 million or 8.6% YoY. However, the consolidated gross profit margin showed a slight decrease to 26.2% from 27.2% last year.

For nine-month performance, cost of goods sold rose to Baht 2,892.9 million from Baht 2,600.4 million in 9M/2015, grew by Baht 292.5 million or 11.2% as sale increase. However, gross profit jumped to Baht 1,068.6 million from Baht 867.7 million in 9M/2015, an increase by Baht 200.9 million or 23.2% YoY. Moreover, the consolidated gross profit margin showed a significant improvement to 27.0% from 25.0% last year.



In this quarter, selling and administrative expenses increased to Baht 350.6 million from Baht 306.2 million in the 3Q2015, an increase by Baht 44.5 million or 14.5% YoY

For nine-month performance, selling and administrative expenses rose slightly to Baht 960.1 million from Baht 902.3 million, rose by Baht 57.8 million or 6.4%.

### Net Profit

The consolidated net profit attributable to the equity holders of the parent for 3Q/2016 were Baht 45.1 million compared with Baht 314.3 million in 3Q/2015, fell by Baht 269.2 million or 85.7% YoY mainly resulted from a huge drop in share of profit from investments in associated company.

For nine-month performance, net profit attributable to the equity holders of the parent showed a significant drop to Baht 646.2 million from Baht 995.6 million in 9M/2015 or dropped by Baht 349.4 million or 35.1% resulted from a decrease in share of profit from investments in associated company.

### Financial Position

#### Asset

As of 30 September 2016, the Company reported total asset of Baht 6,532.6 million, dropped from Baht 6,714.9 million by the year end 2015, or dropped by Baht 182.3 million or 2.7% due largely to a decrease in trade and other receivables.

#### Liabilities

As of 30 September 2016, a substantial drop in total liabilities to Baht 2,225.3 million from Baht 2,734.2 million by the year end 2015, dropped by Baht 508.9 million or 18.6% mainly due to the repayment of bank overdrafts and short-term loans from financial institutions.

#### Equities

As of 30 September 2016, the Company's total shareholders equity grew to Baht 4,307.4 million from Baht 3,980.8 million by the year end 2015, increased by Baht 326.6 million or 8.2% mainly from a substantial increase in an unappropriated retained earnings by Baht 417.5 million.

Please kindly be informed accordingly

Sincerely yours,

-Signed-

Mr. Ekaphol Pongstabhon

Managing Director