



TIPCO 027/2014

13 November 2014

Re: Management discussion and analysis (MD&A) for the third quarter of 2014

To: The President

The Stock Exchange of Thailand

Tipco Foods Public Company Limited would like to report and clarify the operating results for the third quarter of 2014 in accordance with reviewed Consolidated Financial Statement as of September 30, 2014. The highlighted key performance were set forth as follow;

### Total Revenue

In the third quarter of 2014, the company's sales revenue totaled Baht 1,488 million, an increase of 4.7% compared to the last year. The aforementioned increase could be mainly explained by 6% increase in sales in the beverage business.

For the first 9 months, the revenue stream from sales and services totaled Baht 4,333 million, an increase of 5.3% from the last year, could be explained by 8% growth in the beverage business.

### Cost of Goods Sold

In the third quarter of 2014, cost of goods sold and services totaled Baht 1,009 million, accounted for 67.8% of sales revenue this year. The said percentage reduced from 72% last year according to the efforts on fixed cost reduction, efficiency improvement in production and raw materials sourcing.

For the first 9 months, cost of goods sold and service totaled Baht 3,021 million, accounted for comparable percentage at 69.7% of sales revenue and again reduced from last year at 73.2%. This positive sign was explainable from the aforementioned reasons.

### Selling Expenses

In the third quarter of 2014, selling expenses totaled Baht 419 million, accounted for 28.1% of sales revenue this year. This was slightly lower than that of last year at 28.7%.

Nonetheless, the figure of the first 9 months at Baht 1,209 million was considered as the greater percentage compared to that of 2013 (27.9% vs. 22.5%). An increase had been used to underpin new product launch program this year.

### General & Administrative Expenses

In the third quarter of 2014, general & administrative expenses totaled Baht 131 million, accounted for 8.8% of sales revenue this year. This figure was significantly greater than that of last year at 7.9% according to the receding allowance of decline in value of product inventory.

For the first 9 months, general and administrative expenses reported Baht 330 million, accounted for 7.6% of sales revenue this year. This figure was slightly lower than that of 2013 at 8%.

**Net Profit (Loss)**

The net profit of this quarter reported Baht 76 million, which was equal to 5.1% of total sales revenue. The net profit margin was significantly greater than 1.8% in 2014 (with net profit at Baht 26 million). An increase was driven by an increase of gross profit income and incremental profit sharing from associated companies for Baht 30 million.

For the aggregated result of the first 9 months, net profit reported Baht 92 million, which was analogous to 2.1% of total sales revenue. This was clearly lower than that of 2013 Baht 136 million or 3.3% of total sales revenue. A decrease could be explained by Baht 55 million of reduction in share of profit from associated companies.

**Total Assets**

As of September 30, 2014, company holds total assets of Baht 5,890 million, reducing Baht 268 million or 4.3% from December 31, 2013. The reduction was mainly from a decrease in product inventory.

**Total Liabilities**

As of September 30, 2014, company has total liabilities of Baht 3,065 million, reducing Baht 285 million or 8.5% from December 31, 2013. The reduction could largely explained by the decrease of current portion of debt and forward contract on currencies.

**Shareholders' Equity**

As of September 30, 2014, company reports shareholders' equity of Baht 2,824 million, a slight increase of Baht 17 million or 0.6% from December 31, 2013. The reduction could largely explained by the decrease of current portion of debt and forward contract on currencies.

Please kindly be informed accordingly

Sincerely yours,

Ekaphol Pongstabhon

Managing Director