

November 13, 2018

President Bakery Public Company Limited would like to submit the report of Management Discussion and Analysis (MD&A) for Performance Result in Q3/2018 ended on September 30, 2018 which has been reviewed by the auditor. The financial statement of the Company, in which the equity method is applied, shows considerable change in the operating results from the same period last year. The Company would like to clarify such significant changes as below,

### Performance of the Company

(Unit: Million Baht)

	Q3/2018	%	Q3/2017	%	Increase (Decrease)	% +/- ( - )
Sales	1,938.97	99.05	1,977.14	99.17	(38.17)	(1.93)
Total revenues	1,957.55	100	1,993.61	100	(36.06)	(1.81)
Cost of Sales	1,122.77	57.91	1,168.62	59.11	(45.85)	(3.92)
Gross Profit	816.20	42.09	808.52	40.89	7.68	0.95
Selling and Administrative expenses	418.66	21.39	448.35	22.49	(29.69)	(6.62)
Profit for the period	371.73	18.99	339.33	17.02	32.40	9.55
Earnings per share (Baht)	0.83		0.75		0.08	10.67

	For the 9 month period ended 30 September 2018	%	For the 9 month period ended 30 September 2017	%	Increase (Decrease)	% +/- ( - )
Sales	5,520.86	98.88	5,497.85	99.05	23.01	0.42
Total revenues	5,583.55	100	5,550.58	100	32.97	0.59
Cost of Sales	3,191.19	57.80	3,203.35	58.27	(12.16)	(0.38)
Gross Profit	2,329.67	42.20	2,294.50	41.73	35.17	1.53
Selling and Administrative expenses	1,237.54	22.16	1,270.88	22.90	(33.34)	(2.62)
Profit for the period	1,030.26	18.45	973.08	17.53	57.18	5.88
Earnings per share (Baht)	2.29		2.16		0.13	6.02

Remark: Percentage in Statement of comprehensive income derived from total revenues, while percentage of cost of sales and gross profit from sales

## 1. Operating Results

### 1.1 Sale Revenue

The Company recorded total sale revenue of Baht 1,938.97 million and Baht 1,977.14 million in Q3/2018 and Q3/2017 respectively, or decreasing by 1.93%.

For the nine-month period ended on September 30, 2018, total sale revenue stood at Baht 5,520.86 million, or increasing by 0.42% from the same period last year.

When classified by distribution channel in Q3/2018 and nine-month period ended on September 30, 2018, the sale revenue from wholesale business decreased by 1.56%, and increased 0.44% respectively, the sales revenue from retail business decreased by 14.67% and 14.18% respectively, the sales revenue from Fast food and Restaurant business increased by 0.88% and 5.93% respectively. Sales Volume of the wholesale business and retail business decreased, due to domestic economic slowdown and cautious spending from general consumers and competition from retail business.

However, the Company aimed to develop the quality and type of products, including improvement of manufacturing process, sales management and delivery system to become more efficient, giving the consumers confidence in the quality and safety of products.

### 1.2 Cost of Sales

The cost of sales of the Company in Q3/2018 stood at Baht 1,122.77 million, decreasing by 3.92% from the same quarter last year. The Company managed the cost of sales to total sales ratio to be at 57.91% in Q3/2018, lower from 59.11% in the same quarter last year. As a result, the gross profit margin of the Company stood at 42.09% increasing from 40.89% in the same quarter last year.

For the nine-month period ended on September 30, 2018, the cost of sales stood at Baht 3,191.19 million, decreasing by Baht 12.16 million or 0.38% from the same period last year, due to effective cost of production management. Expense for production increased resulting from depreciation, due to Bangchan 2 plant started depreciation on June 2017 and due to price of natural gas increased from the same period last year. As a result, the gross profit margin increased to 42.20% from 41.73% in the same period last year.

### 1.3 Selling and Administrative Expenses

The selling and administrative expenses in Q3/2018 amounted to Baht 418.66 million, accounting for 21.39% of total income, decreasing by 6.62% from the same quarter last year and in nine-month period of year 2018 and 2017 the selling and administrative expenses were accounted for 22.16% and 22.90% respectively. The expense decreased due to resulting from advertising and promotion expenses.

#### 1.4 Income Tax

The Company paid income tax in Q3/2018 by Baht 42.84 million, increasing by Baht 6.76 million or 18.74% from the same period last year, according to increased amount of total income and operating profit. In a meantime, the ratio of income tax to total income of the Company stood at 2.19% and 1.81% in Q3/2018 and Q3/2017 respectively, and was at 2.18%, and 1.78% in nine-month period of year 2018 and 2017 respectively. (as per detail in No. 12 of Notes to the financial statement)

#### 1.5 Profit for the period

The profit for the period of the Company in Q3/2018 stood at Baht 371.73 million, or increasing by 9.55% from the previous year, and recorded profit for the period of Baht 1,030.26 million nine-month period of year 2018, or increasing by 5.88% from the previous year. In addition, the Company gained the profit sharing of Baht 3.2 million from joint-venture business nine-month period of year 2018.

#### Financial Position of the Company

(Unit: million Baht)

	September 30, 2018	%	December 31, 2017	%	Increase (Decrease)	% +/( - )
Total Assets	8,225.80	100	7,997.33	100	228.47	2.86
Total Liabilities	1,194.04	14.52	1,289.67	16.13	(95.63)	(7.42)
Shareholders' Equity	7,031.76	85.48	6,707.66	83.87	324.10	4.83
Total Liabilities and Shareholders' Equity	8,225.80	100	7,997.33	100	228.47	2.86

## 2. Financial Position

### 2.1 Assets

The total assets of the Company as of September 30, 2018 amounted to Baht 8,225.80 million, increasing by Baht 228.47 million from December 31, 2017. Main asset of the Company comprised of current assets by 38.68% of total assets. The increase in current assets, resulted from increasing short-term investments by Baht 846 million. The Company brought cash from operations to invest in short term investments, and non-current assets by 61.32% of total assets, the majority consists of land, building and equipment 51.75% and long-term investments 7.31%, the long term investments decreased because some securities have maturity of less than 1 year, therefore they are reclassified as short-term investments.

Trade and other receivables of the Company was at 10.55% of total assets, decreasing by Baht 26.32 million from December 31, 2017, because most of our account receivable was paid on schedule.

## 2.2 Liability

The liability of the Company as of September 30, 2018 totaled to Baht 1,194.04 million, accounting for 14.52% of total Liability and Shareholders' Equity and decreasing by 7.42% from December 31, 2017. Most of liabilities under finance lease agreements decreased. Because of the some lease agreement to due. As a result, the debt to equity ratio of the Company was at 0.17, lower from 0.19 as of December 31, 2017.

## 2.3 Shareholders' Equity

The shareholders' equity of the Company as of September 30, 2018 stood at Baht 7,031.76 million, accounting for 85.48% of the total of Liability and Shareholders' Equity. The shareholders' equity increasing by Baht 324.10 million from December 31, 2017, due to operating profit. In addition, the book value of the Company was at 15.63 Baht per share, increasing from 14.91 Baht per share in 2017.

### **3. Liquidity Position**

The net cash flow from operating activities on of the Company in half-year ended on September 30, 2018 amounted to Baht 1,419.13 million, increasing by Baht 147.25 million or by 11.58% from the previous year because of higher profit.

The net cash used for investing activities totaled to Baht 904.8 million, increasing by Baht 643.8 million. Resulted from higher short-term and long-term investment.

As a result, the Company recorded cash and cash equivalents of Baht 438.44 million as of September 30, 2018, decreasing by Baht 246.64 million as a result of higher short-term and long-term investments from the same quarter last year.

As of September 30, 2018, the Company maintained the current ratio at 3.19, and the average day sales at 1 day. Meanwhile, the average days of debt collection of the Company stood at 43 days, and the average days of debt repayment was at 72 days. As a result, the cash cycle of the Company was at 28 days.

To be informed accordingly,

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(Ms. Petcharat Anantawichai)

Director and Senior Management Accounting Department  
and Finance Department Manager

Company Secretary