



บริษัท ฟอ์จูน พาร์ท อินดัสตรี จำกัด (มหาชน)

FORTUNE PARTS INDUSTRY PUBLIC COMPANY LIMITED

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9 August 2017

Subject : Management Discussion & Analysis of Performance Results of Quarter 2/2017

To : Board of Directors and President of The Stock Exchange of Thailand

Fortune Parts Industry Public Company Limited (“FPI” or “The Company”) would like to submit the reviewed of interim financial statements for the three-month period ended 30 June 2017 which has been reviewed by certified public auditor as follows :

Overall performance results of the Company for the three-month period ended 30 June 2017, compared to the same period of the previous year were as highlighted below ;

	<u>Q2/2017</u>	<u>Q2/2016</u>	<u>% Change</u>
Sales	521	501	4
Gross Profit Margin	24%	29%	-5
Selling and Administrative Expenses	53	55	-4
Financial Cost	8	9	-11
Net Profit	65	74	-12

(Unit : Million Baht)

Total Revenues

In the three-month period ended 30 June 2017 and 2016, total revenues of the Company increased from Baht 510 million to Baht 530 million, increased by Baht 20 million or 4%. Sales amounted to Baht 521 million for the three-month period ended 30 June 2017 increased by Baht 501 million or 4% compared to the same period of previous year. The mainly reasons were the domestic sales decreased from OEM projects (Toyota) and export sales increased from Asia zone such as Saudi Arabia and Malaysia. Sales from Australia and New Zealand zone decreased and meanwhile Sales from Europe zone increased from movement sold to EGR Australia to EGR Europe as delivery country. Gross profit margin decreased 5% duted to sold OEM project that high gross profit margin decrease, gross profit of Trading products decreased dued to Baht strength.

Selling and Administrative Expenses

In the three-month period ended 30 June 2017 and 2016, total selling and administrative expenses of the Company decreased from Baht 55 million to Baht 53 million, decreased by Baht 2 million or 4%, due to allowance for doubtful accounts (reversal) decrease. Meanwhile, selling and administrative expenses was increased due to higher freight rates and higher number of shipments compared to the same period of previous year.

Financial Cost

In the three-month period ended 30 June 2017 and 2016, total financial cost of the Company decreased from Baht 9 million to Baht 8 million, decreased by Baht 1 million or 11% due to financial cost and cheaper financing compared to the same period of previous year.

Net Profit

In the three-month period ended 30 June 2017 and 2016, net profit of the Company decreased from Baht 74 million to Baht 65 million, decreased by Baht 9 million or 12% due to increase from loss on exchange rate due to baht strength, selling and administrative expenses was increased due to higher freight rates and higher number of shipments compared to the same period of previous year.

Overall performance results of the Company for the six-month period ended 30 June 2017, compared to the same period of the previous year were as highlighted below ;

(Unit : Million Baht)

for the six-month period ended 30 June

	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Sales	981	966	2
Gross Profit Margin	25%	28%	3
Selling and Administrative Expenses	123	98	25
Financial Cost	15	17	-15
Net Profit	110	139	-21

Total Revenues

In the six-month period ended 30 June 2017 and 2016, total revenues of the Company increased from Baht 980 million to Baht 999 million, increased by Baht 19 million or 2%. Sales amounted to Baht 981 million for the three-month period ended 30 June 2017 increased by Baht 15 million or 2% compared to the same period of previous year. The mainly reasons were the domestic

sales decreased from OEM projects (Toyota) and export sales increased from Asia zone such as Saudi Arabia and Malaysia. Sales from Australia and New Zealand zone decreased by Baht 53 million. Meanwhile Sales from Europe zone increases by 51 million from movement sold to EGR Australia to EGR Europe as delivery country. Gross profit margin decreased 5% due to sold OEM project that high gross profit margin decrease, gross profit of Trading products decreased due to Baht strength.

Selling and Administrative Expenses

In the six-month period ended 30 June 2017 and 2016, total selling and administrative expenses of the Company increased from Baht 98 million to Baht 123 million, increased by Baht 25 million or 26%, due to selling and administrative expenses was increased due to higher freight rates and higher number of shipments compared to the same period of previous year.

Financial Cost

In the six-month period ended 30 June 2017 and 2016, total financial cost of the Company decreased from Baht 17 million to Baht 15 million, decreased by Baht 2 million or 15% due to the Company have more liquidity demand for short term loan decreased, financial cost and cheaper financing compared to the same period of previous year.

Net Profit

In the six-month period ended 30 June 2017 and 2016, net profit of the Company decreased from Baht 139 million to Baht 110 million, decreased by Baht 29 million or 21% due to increase from loss on exchange rate due to baht strength, selling and administrative expenses was increased due to higher freight rates and higher number of shipments compared to the same period of previous year.

Financial Position (in comparison to as of 31 December 2016)

Overall financial position of The Company as of 30 June 2017, compared to the statement of financial position as of 31 December 2016, increased from Baht 2,429 million to Baht 2,558 million, increased by Baht 129 million or 5% due to factors as summarized below ;

Total Assets

As at 30 June 2017, total assets was Baht 2,558 million, increased by Baht 129 million from the ended 31 December 2016 mainly due to cash and cash equivalents increased from the exercise of rights to convert warrants to ordinary shares for the period, trade and other receivables decreased from repayment from foreign customers, other current assets increased from accrued export incentive and directors' remuneration, investments in joint ventures increased from proportional shareholding in Safe

Energy Holdings Company Limited, property, plant and equipment decreased from sold injection mold and factory equipment and depreciation expenses.

Total Liabilities

As at 30 June 2017, total liabilities was Baht 1,418 million, increased by Baht 78 million from the ended 31 December 2016, mainly from increased of short term loan from Packing Credit and Trade on Demand, Trade payable increased from purchase inventory to support OEM project and Trading increased for supporting order from foreign customers, long term loan decreased from paid trust receipt from import machine from the end of year 2016.

Shareholders' Equity

As at 30 June 2017, shareholders' equity was Baht 1,140 million increased by Baht 51 million from Baht 1,089 million as at 31 December 2016 mainly due to the net profit from operating for the period by Baht 110 million and shares to be issued from exercise of warrants increased by Baht 63 million and dividend paid 122 million baht.

Please be informed accordingly.

Yours sincerely,

-Mr.Sompol Tanadumrongsak
Managing Director