

August 11, 2017

President Bakery Public Company Limited would like to submit the report of Management Discussion and Analysis (MD&A) for Performance Result in Q2/2017 ended on June 30, 2017 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,

**(Unit: million Baht)**

	Q2/2017	%	Q2/2016	%	Increase (Decrease)	% +/- ( - )
Sales	1,787.40	98.88	1,823.33	98.95	(35.93)	(1.97)
Total revenues	1,807.62	100	1,842.66	100	(35.04)	(1.90)
Cost of Sales	1,034.94	57.90	1,059.12	58.09	(24.18)	(2.28)
Gross Profit	752.46	42.10	764.21	41.91	(11.75)	(1.54)
Selling and Administrative expenses	424.48	23.48	414.30	22.48	10.18	2.46
Profit for the period	315.35	17.45	331.12	17.97	(15.77)	(4.76)
Earnings per share (Baht)	0.70		0.74		(0.04)	(5.41)

	For the 6 month period ended 30 June 2017	%	For the 6 month period ended 30 June 2016	%	Increase (Decrease)	% +/- ( - )
Sales	3,520.72	98.98	3,603.96	98.93	(83.24)	(2.31)
Total revenues	3,556.98	100	3,642.82	100	(85.84)	(2.36)
Cost of Sales	2,034.73	57.79	2,096.46	58.17	(61.73)	(2.94)
Gross Profit	1,485.99	42.21	1,507.50	41.83	(21.51)	(1.43)
Selling and Administrative expenses	822.53	23.32	813.20	22.32	9.33	1.15
Profit for the period	633.75	17.82	656.97	18.03	(23.22)	(3.53)
Earnings per share (Baht)	1.41		1.46		(0.05)	(3.42)

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

According to equity method, the Company recorded total income in Q2/2017 by Baht 1,807.62 million, or 1.90% decrease from the same quarter last year.

For the first half of the year 2017 ended on June 30, the Company recorded total income by Baht 3,556.98 million, or 2.36% decrease from the same period last year, as per following details,

### 1.1 Sale Revenue

The Company recorded total sale revenue of Baht 1,787.40 million and Baht 1,823.33 million in Q2/2017 and Q2/2016 respectively, or decreasing by 1.97%.

For the first half of the year 2017 ended on June 30, total sale revenue stood at Baht 3,520.72 million, or decreasing by 2.31% from the same period last year.

When classified by distribution channel in Q2/2017 and half-year ended on June 30, the sale revenue from wholesale business decreased by 2.64%, and 3.04% respectively from the same period last year, the sale revenue from retail business grew by 1.96%, decreased by 0.71% in half-year, the sale revenue from Fast food and Restaurant business grew by 6.78%, and 7.21% respectively. due to rising purchase order from customers.

### 1.2 Cost of Sales

The cost of sales of the Company in Q2/2017 stood at Baht 1,034.94 million, decreasing by 2.28% from the same quarter last year. The Company managed the cost of sales to total sales ratio to be at 57.90% in Q2/2017, lower from 58.09% in the same quarter last year due to lower price of major raw material as well as due to effective production and purchasing management. As a result, the gross profit margin of the Company stood at 42.10% increasing from 41.91% in the same quarter last year.

For the first half of the year 2017 ended on June 30, the cost of sales stood at Baht 2,034.73 million, decreasing by Baht 61.73 million or 2.94% from the same period last year, and the gross profit margin increased to 42.21% from 41.83% in the same period last year.

### 1.3 Selling and Administrative Expenses

The selling and administrative expenses in Q2/2017 amounted to Baht 424.48 million, accounting for 23.48% of total income, increasing by 2.46% from the same quarter last year and half-year ended on June 30, 2017 and 2016 the selling and administrative expenses were accounted for 23.12% and 22.32% respectively. The selling and administrative expenses for employees in Q2/2017 was higher due to the annual increase of salary base, and fuel prices have risen from last year.

#### 1.4 Income Tax

The Company paid income tax in Q2/2017 by Baht 31.79 million, decreasing by Baht 3.80 million or 10.68% from the same period last year, according to decreased amount of operating profit. In a meantime, the ratio of income tax to total income of the Company stood at 1.76% and 1.93% in Q2/2017 and Q2/2016 respectively, and was at 1.77%, and 1.96% in half-year 2017 and 2016 respectively. (as per detail in No. 12 of Notes to the financial statement)

#### 1.5 Net Profit

As of June 30, 2017, the Company recorded quarterly profit of Baht 315.35 million, or decreasing by 4.76% from the previous year, and recorded net profit of Baht 633.75 million in the first half of 2017, or decreasing by 3.53% from the previous year. Resulted from decrease sales volume. In addition, the Company gained the profit sharing of Baht 2.28 million from joint-venture business in half-year.

### Financial Position of the Company

(Unit: million Baht)

	June 30, 2017	Proportion	December 31, 2016	Proportion	Increase (Decrease)	% +/( - )
Total Assets	7,598.91	100	7,527.67	100	71.24	0.95
Total Liabilities	1,283.81	16.89	1,437.98	19.10	(154.17)	(10.72)
Shareholders' Equity	6,315.10	83.11	6,089.69	80.90	225.41	3.70
Total Liabilities and Shareholders' Equity	7,598.91	100	7,527.67	100	71.24	0.95

## 2. Financial Position

### 2.1 Assets

The total assets of the Company as of June 30, 2017 amounted to Baht 7,598.91 million, increasing by Baht 71.24 million from December 31, 2016. The assets of the Company was accounted for the current assets by 27.77% of total assets, and for non-current assets by 72.23% of total asset. The increasing asset of the Company was attributed to the higher amount of cash and bank deposit by Baht 144.97 million, non-current assets increased from purchase of land for production and logistics, trade and other receivables of the Company was at 11.13% of total assets, decreasing because most of our account receivable was paid on schedule.

## 2.2 Liability

The liability of the Company as of June 30, 2017 totaled to Baht 1,283.81 million, accounting for 16.89% of total Liability and Shareholders' Equity and decreasing by 10.72% from December 31, 2016. Due to decreasing trade payable and other suspended expense. As a result, the debt to equity ratio of the Company was at 0.20, lower from 0.24 as of December 31, 2016.

## 2.3 Shareholders' Equity

The shareholders' equity of the Company as of June 30, 2017 stood at Baht 6,315.10 million, accounting for 83.11% of the total of Liability and Shareholders' Equity. The shareholders' equity increasing by Baht 225.41 million from December 31, 2016, resulting from dividend payment for the operating result in second half in 2016 amount of Baht 409.50 million, which was paid on May 19, 2017. In addition, the book value of the Company was at 14.24 Baht per share, rising from 13.53 Baht per share in 2016.

## 3. Liquidity Position

The net cash flow from operating activities on of the Company in half-year ended on June 30, 2017 amounted to Baht 776.62 million, increasing by Baht 24.88 million or by 31.04% from the previous year.

The net cash used for investing activities totaled to Baht 198.61 million, decreasing by Baht 55.77 million. resulted from lower short-term and long-term investment.

Additionally, the cash used in financing activities was at Baht 433.05 million, increasing by Baht 39.48 million, mostly due to the dividend payment for the operating result in second half in 2016 amount of Baht 409.50 million, which was paid on May 19, 2017.

As a result, the Company recorded cash and cash equivalent item of Baht 681.96 million, as of June 30, 2017, increasing by Baht 141.97 million.

As of June 30, 2017, the Company maintained the current ratio at 2.16 and the average days sales at 1 day. Meanwhile, the average days of debt collection of the Company stood at 44 days, and the average days of debt repayment was at 69 days. As a result, the cash cycle of the Company was at 24 days.

To be informed accordingly,

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(Ms. Petcharat Anantawichai)

Director and Senior Management Accounting Department

and Finance Department Manager

Company Secretary