



บริษัท ฟอ์จูน พาร์ท อินดัสตรี จำกัด (มหาชน)

FORTUNE PARTS INDUSTRY PUBLIC COMPANY LIMITED

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9 November 2017

Subject : Management Discussion & Analysis of Performance Results of Quarter 3/2017

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 September 2017 which has been reviewed by certified public auditor as follows :

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

	<u>Q3/2017</u>	<u>Q3/2016</u>	<u>% Change</u>
Sales and Service Income	514.22	465.84	+4.66
Cost of sales and Services	398.23	336.98	+3.01
Selling and Administrative Expenses	73.29	57.38	+25.94
Financial Cost	7.92	8.31	-19.55
Net Profit	37.77	58.68	+6.96

(Unit : Million Baht)

Total Revenues

In the three-month period ended 30 September 2017 and 2016, total revenues of the Company increased from Baht 473.57 million to Baht 523.65 million, increased by Baht 50.08 million or 10.57%. Sales and Service Income amounted to Baht 514.22 million for the three-month period ended 30 September 2017 increased by Baht 48.34 million or 10.39% 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, India 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 4% duted to sold OEM project that high gross profit margin decrease, gross profit of Trading products decreased dued to Baht strength.

Cost of sales and Services

In the three-month period ended 30 September 2017 and 2016, total cost of sales and services of the Company increased from Baht 336.98 million to Baht 398.23 million, increased by Baht 61.25 million or 18.18% due to direct labor and production overhead increases.

Selling and Administrative Expenses

In the three-month period ended 30 September 2017 and 2016, total selling and administrative expenses of the Company increased from Baht 57.38 million to Baht 73.29 million, increased by Baht 15.91 million or 27.73%, due to the Company increased in loss on exchange rate 31.24% because of Baht strength, allowance for doubtful accounts increased 37.71% and allowance for diminution in value of inventories (reversal) increased 46.68% compared to the same period of previous year.

Financial Cost

In the three-month period ended 30 September 2017 and 2016, total financial cost of the Company decreased from Baht 8.31 million to Baht 7.92 million, decreased by Baht 0.39 million or 4.69% due to financial cost and cheaper financing compared to the same period of previous year.

Net Profit

In the three-month period ended 30 September 2017 and 2016, net profit of the Company decreased from Baht 58.68 million to Baht 37.77 million, decreased by Baht 20.91 million or 35.63% due to Baht strength 3.87% increased from selling and administrative expenses, allowance for doubtful accounts increased 37.71% and allowance for diminution in value of inventories (reversal) increased 46.68% compared to the same period of previous year.

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

	(Unit : Million Baht)		
	for the nine-month period ended 30 September		
	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Sales and Service Income	1,496.43	1,433.31	+4.40
Cost of sales and Services	1,130.39	1,029.60	+9.79
Selling and Administrative Expenses	196.36	155.42	+26.30
Financial Cost	22.71	25.70	-15.53
Net Profit	147.76	197.19	-25.07

Total Revenues

In the nine-month period ended 30 September 2017 and 2016, total revenues of the Company increased from Baht 1,453.32 million to Baht 1,522.73 million, increased by Baht 69.41 million or 4.78%. Sales and Service Income amounted to Baht 1,496.43 million for the nine-month period ended 30 September 2017 increased by Baht 63.12 million or 4.40% compared to the same period of previous year. The mainly reasons were the domestic sales decreased amount Baht 38 million from OEM projects (Toyota) and export sales increased amount Baht 69 million from Asia zone such as Saudi Arabia, India and Malaysia. Sales from Australia and New Zealand zone decreased amount Baht 69 million and meanwhile Sales from Europe zone increased amount Baht 84 million from movement sold to EGR Australia to EGR Europe as delivery country. Gross profit margin decreased 4% due to sold OEM project that high gross profit margin decrease, gross profit of Trading products decreased due to Baht strength.

Cost of sales and Services

In the nine-month period ended 30 September 2017 and 2016, total cost of sales and services of the Company increased from Baht 1,029.60 million to Baht 1,130.39 million, increased by Baht 100.79 million or 9.79% due to direct labor and production overhead increases.

Selling and Administrative Expenses

In the nine-month period ended 30 September 2017 and 2016, total selling and administrative expenses of the Company increased from Baht 155.47 million to Baht 196.36 million, increased by Baht 40.89 million or 26.30%, due to the Company increased in loss on exchange rate because of Baht strength 2.49%, allowance for doubtful accounts decreased 156.62% and allowance for diminution in value of inventories (reversal) increased 117.34% compared to the same period of previous year.

Financial Cost

In the nine-month period ended 30 September 2017 and 2016, total financial cost of the Company decreased from Baht 25.70 million to Baht 22.71 million, decreased by Baht 2.99 million or 15.53 % due to financial cost and cheaper financing compared to the same period of previous year.

Net Profit

In the nine-month period ended 30 September 2017 and 2016, net profit of the Company decreased from Baht 197.19 million to Baht 147.76 million, decreased by Baht 49.43 million or 25.07% due to Baht strength 2.49% increased from selling and administrative expenses 26.30% allowance for

doubtful accounts decreased 156.62% and allowance for diminution in value of inventories (reversal) increased 117.34% 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 September 2017, compared to the statement of financial position as of 31 December 2016, increased from Baht 2,428.73 million to Baht 2,673.13 million, increased by Baht 244.40 million or 10.06% due to factors as summarized below ;

Total Assets

As at 30 September 2017, total assets was Baht 2,673.13 million, increased by Baht 244.40 million from the ended 31 December 2016 mainly due to cash and cash equivalents increased from advance from share subscription for the period, trade and other receivables increased from advance to Safe Energy Holdings Company Limited, inventory increased from OEM project for EGR and ALP FPI Parts Private Limited, Other non-current assets increased from accrued export incentive and accrued corporate income tax, investments in associates increased due to increased paid-up capital to Safe Energy Holdings Company Limited, investments in joint ventures increase due to increased paid-up capital to ALP FPI Parts Private Limited, property, plant and equipment decreased from sold injection mold and factory equipment and depreciation for the period.

Total Liabilities

As at 30 September 2017, total liabilities was Baht 1,536.23 million, increased by Baht 196.65 million from the ended 31 December 2016, mainly from short-term loans from financial institutions increased from packing credit and trade on demand, the accounts payable increased due to the purchase of raw materials and components to produce finished products OEM. Income taxes payable decreased from paying mid year corporate tax returns, other current liabilities increased due to deposit in advance payment for OEM and received from other customers, to prevent the risk of receiving payment. Long-term loans decreased from payment of trust receipts from import machinery at the end of 2016

Shareholders' Equity

As at 30 September 2017, shareholders' equity was Baht 1,136.91 million increased by Baht 47.76 million from Baht 1,089.15 million as at 31 December 2016 mainly due to the net profit from operating for the period by Baht 147.76 million, dividend paid by Baht 197.01 million, shares to be issued from exercise of warrants increased by Baht 62.93 million and received advance from share subscription by Baht 34.08 million.

Please be informed accordingly.

Yours sincerely,

-Mr.Sompol Tanadumrongsak
Managing Director