

November 10, 2017

President Bakery Public Company Limited would like to submit the report of Management Discussion and Analysis (MD&A) for Performance Result in Q3/2017 ended on September 30, 2017 which has been reviewed by the auditor. The financial statement of the Company, in which the equity method is applied, represents more than 20% change in operating results from the same period last year. The Company would like to clarify such significant changes as below,

**(Unit: million Baht)**

	Q3/2017	%	Q3/2016	%	Increase (Decrease)	% +/( - )
Sales	1,977.14	99.17	2,049.43	98.18	(72.29)	(3.53)
Total revenues	1,993.61	100	2,066.41	100	(72.80)	(3.52)
Cost of Sales	1,168.62	59.11	1,164.50	56.82	4.12	0.35
Gross Profit	808.52	40.89	884.93	43.18	(76.41)	(8.63)
Selling and Administrative expenses	448.35	22.49	428.16	20.72	20.19	4.72
Profit for the period	339.33	17.02	425.08	20.57	(85.75)	(20.17)
Earnings per share (Baht)	0.75		0.94		(0.19)	(20.21)

	For the 9 month period ended 30 September 2017	%	For the 9 month period ended 30 September 2017	%	Increase (Decrease)	% +/( - )
Sales	5,497.85	99.05	5,653.39	99.02	(155.54)	(2.75)
Total revenues	5,550.58	100	5,709.23	100	(158.85)	(2.78)
Cost of Sales	3,203.35	58.27	3,260.96	57.68	(57.61)	(1.77)
Gross Profit	2,294.50	41.73	2,392.43	42.32	(97.93)	(4.09)
Selling and Administrative expenses	1,270.88	22.90	1,241.36	21.74	29.52	2.38
Profit for the period	973.08	17.53	1,082.05	18.95	(108.97)	(10.07)
Earnings per share (Baht)	2.16		2.40		(0.24)	(10.00)

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 Q3/2017 by Baht 1,993.61 million, or 3.52% decrease from the same quarter last year.

For the nine-month period ended on September 30, 2017, the Company recorded total income by Baht 5,550.58 million, or 2.78% decrease from the same period last year, as per following details,

### 1.1 Sale Revenue

The Company recorded total sale revenue of Baht 1,977.14 million and Baht 2,049.43 million in Q3/2017 and Q3/2016 respectively, or decreasing by 3.53%.

For the nine-month period ended on September 30, 2017 and 2016, total sale revenue stood at Baht 5,497.85 million, or decreasing by 2.75% from the same period last year.

When classified by distribution channel in Q3/2017 and nine-month period ended on September 30, 2017, the sale revenue from wholesale business decreased by 4.72%, and 3.65% respectively from the same period last year, the sale revenue from retail business decreased by 4.65%, and 2.06% respectively, the sale revenue from Fast food and Restaurant business grew by 11.63%, and 8.69% respectively, due to rising purchase order from customers and export business (through domestic agents) have rising purchase orders from abroad. But with the competition and the current economic situation. Consumers spend sparingly. As a result, sales was not growing.

### 1.2 Cost of Sales

The cost of sales of the Company in Q3/2017 stood at Baht 1,168.62 million, increasing by 0.35% from the same quarter last year. The cost of sales to total sales ratio to be at 59.11% in Q3/2017, increased slightly by 0.35% from the same quarter last year, resulting from the national gas, Electricity & water supply and depreciation, due to Bangchan 2 plant started production on June 2017. As a result increasing depreciation. However cost of production decreased due to lower price of major raw material. As well as due to effective production and purchasing management. Gross profit margin of the Company stood at 40.89% decreasing from 43.18% in the same quarter last year.

For the nine-month period ended on September 30, 2017, the cost of sales stood at Baht 3,203.55 million, decreasing by Baht 57.61 million or 1.77% from the same period last year, and the gross profit margin decreased to 41.73% from 42.32% in the same period last year, has resulted from the above.

### 1.3 Selling and Administrative Expenses

The selling and administrative expenses in Q3/2017 amounted to Baht 448.35 million, accounting for 22.49% of total income, increasing by 4.72% from the same quarter last year and in nine-month period of year

2017 and 2016 the selling and administrative expenses were accounted for 22.90% and 21.74% respectively. The selling and administrative expenses was higher due to the annual increase of salary base, and fuel prices have risen from last year, as well as continuous advertising and sale promotion activities to make products distribution to our consumers.

#### 1.4 Income Tax

The Company paid income tax in Q3/2017 by Baht 36.08 million, decreasing by Baht 9.46 million or 20.77% from the same period last year, according to decreased amount of total revenue and operating profit. In a meantime, the ratio of income tax to total income of the Company stood at 1.81% and 2.20% in Q3/2017 and Q3/2016 respectively, and was at 1.78%, and 2.05% in nine-month period of year 2017 and 2016 respectively. (as per detail in No. 12 of Notes to the financial statement)

#### 1.5 Net Profit

As of September 30, 2017, the Company recorded quarterly profit of Baht 339.33 million, or decreasing by 20.17% from the previous year, and recorded net profit of Baht 973.08 million nine-month period of year 2017, or decreasing by 10.07% from the previous year. Resulted from decrease sales volume. In addition, the Company gained the profit sharing of Baht 3.35 million from joint-venture business nine-month period of year 2017.

### Financial Position of the Company

(Unit: million Baht)

	September 30, 2017	Proportion	December 31, 2016	Proportion	Increase (Decrease)	% +/( - )
Total Assets	7,687.63	100	7,527.67	100	159.96	2.12
Total Liabilities	1,345.88	17.51	1,437.98	19.10	(92.10)	(6.40)
Shareholders' Equity	6,341.76	82.49	6,089.69	80.90	252.07	4.14
Total Liabilities and Shareholders' Equity	7,687.63	100	7,527.67	100	159.96	2.12

## 2. Financial Position

### 2.1 Assets

The total assets of the Company as of September 30, 2017 amounted to Baht 7,687.63 million, increasing by Baht 159.96 million from December 31, 2016. The assets of the Company was accounted for the current assets by 29.70% of total assets, and for non-current assets by 70.30% of total asset. The increasing asset of the Company was attributed to the higher amount of cash and bank deposit by Baht 231.94 million, non-current assets increased from purchase of land to build a distribution center for replace commercial

buildings that are leased and supported for production. Increased long-term investments from investing in private funds.

Trade and other receivables of the Company was at 11.95% of total assets, increasing by baht 47.39 Million from December 31, 2016, due to some debtors overdue and there are other receivables selling securities in private funds. However, most of our account receivable was paid on schedule.

## 2.2 Liability

The liability of the Company as of September 30, 2017 totaled to Baht 1,345.88 million, accounting for 17.51% of total Liability and Shareholders' Equity and decreasing by 6.40% from December 31, 2016, most of the trade payables paid on schedule and liabilities under finance lease agreements decreased. Because of the contract to buy less cars. As a result, the debt to equity ratio of the Company was at 0.21, lower from 0.24 as of December 31, 2016.

## 2.3 Shareholders' Equity

The shareholders' equity of the Company as of September 30, 2017 stood at Baht 6,341.76 million, accounting for 82.49% of the total of Liability and Shareholders' Equity. The shareholders' equity increasing by Baht 252.07 million from December 31, 2016, due to the company recorded net profit by Baht 973.08 million in nine-month period of year 2017 and dividend payment amount of Baht 729 million,. In addition, the book value of the Company was at 14.09 Baht per share, increasing from 13.53 Baht per share in 2016.

## 3. Liquidity Position

The net cash flow from operating activities on of the Company in nine-month period ended on September 30, 2017 amounted to Baht 1,271.88 million, decreasing by Baht 90.14 million or by 6.62% from the previous year, resulted from decreased of net profit.

The net cash used for investing activities totaled to Baht 261.03 million, increasing by Baht 119.84 million, resulted from used for short-term and long-term investment.

Additionally, the cash used in financing activities was at Baht 778.90 million, increasing by Baht 38.52 million, mostly due to the dividend payment amount of Baht 729 million.

As a result, the Company recorded cash and cash equivalent item of Baht 768.93 million, as of September 30, 2017, increasing by Baht 231.94 million.

As of September 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 70 days. As a result, the cash cycle of the Company was at 25 days.

To be informed accordingly,

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(Ms. Petcharat Anantawichai)

Director and Senior Management Accounting Department

and Finance Department Manager

Company Secretary