

May 10, 2018

President Bakery Public Company Limited would like to submit the report of Management Discussion and Analysis (MD&A) for Operating Result in Q1/2018 ended on March 31, 2018 which has been reviewed by the auditor. The financial statement of the Company, as shown by equity method, records changes 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)

| | Q1/2018 | % | Q1/2017 | % | Increase (Decrease) | % +/- (-) |
|-------------------------------------|----------|-------|----------|-------|------------------------|-------------|
| Sales | 1,772.62 | 98.79 | 1,733.32 | 99.08 | 39.30) | 2.27 |
| Total revenues | 1,794.36 | 100 | 1,749.36 | 100 | 45.00 | 2.57 |
| Cost of Sales | 1,030.27 | 58.12 | 999.79 | 57.68 | 30.48 | 3.05 |
| Gross Profit | 742.35 | 41.88 | 733.53 | 42.32 | 8.82 | 1.20 |
| Selling and Administrative expenses | 406.55 | 22.66 | 398.05 | 22.75 | 8.50 | 2.14 |
| Profit for the period | 319.35 | 17.80 | 318.40 | 18.20 | 0.95 | 0.30 |
| Profit for the period (Baht) | 0.71 | | 0.71 | | - | - |

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 Q1/2018 by Baht 1,794.36 million, or 2.57% increase from the same period last year, and the Company gained total profit of Baht 319.35 million in Q1/2018, or 0.30% increase from the same period last year as per following details;

1.1 Sales Revenue

The Company recorded total sales revenue of Baht 1,772.62 million and Baht 1,733.32 million in Q1/2018 and Q1/2017 respectively, or increasing by 2.27%.

When classified by distribution channel in Q1 ended on March 31, 2018, the sales revenue from wholesale business increased by 2.15% because the sales volume of Snack Sliced Bread grew by 7.4% as well as the sales volume of Snack Bread grew by 5.3% as a result of offering discount price and new products. The sales revenue from retail business decreased by 11.09% due to lower-than-expected sales volume in some branch of Deliya Shop. Meanwhile, the sales revenue from Fast food and Restaurant business increased by 8.67% due to rising purchase order from customers.

1.2 Cost of Sales

The cost of sales of the Company in Q1/2018 stood at Baht 1,030.27 million, or increasing by 3.05% from the same quarter last year. The Company managed the cost of sales to total sales ratio to be at 58.12% in Q1/2018, higher from 57.68% in the same quarter last year due to higher use of raw material and packaging according to higher sales volume. As a result, the gross profit margin of the Company stood at 41.88% decreasing from 42.32% in the same quarter last year.

1.3 Selling and Administrative Expenses

The selling and administrative expenses in Q1/2018 amounted to Baht 406.55 million, accounting for 22.66% of total income. The ratio of selling and administrative expenses to total income slightly decreased from a year earlier. In a meantime, The Company has performed effective management to control the expenditure of transportation, product distribution, and information system.

1.4 Income Tax

The Company recorded income tax in Q1/2018 by Baht 37.63 million, increasing by Baht 6.63 million or 21.37% from the same period last year, according to higher amount of total income and profit. Meanwhile, the ratio of income tax to total income of the Company stood at 2.10% and 1.77% in Q1/2018 and Q1/2017 respectively (as per detail in No. 12 of Notes to the Financial Statement)

1.5 Net Profit

The Company gained the net profit of Baht 319.35 million for the quarter ended on March 31, 2018, or increasing by 0.30% from the same period last year due to higher sales revenue. In a meantime, the Company gained the profit sharing of Baht 0.95 million from investment in joint-venture business in Q1/2018.

Financial Position of the Company

Unit: million Baht)

| | March 31, 2018 | Proportion | December 31, 2017 | Proportion | Increase (Decrease) | % +/(-) |
|---|-------------------|------------|----------------------|------------|------------------------|--------------|
| Total Assets | 8,160.40 | 100 | 7,997.33 | 100 | 163.07 | 2.04 |
| Total Liabilities | 1,138.17 | 13.95 | 1,289.67 | 16.13 | (151.50) | (11.75) |
| Shareholders' Equity | 7,022.23 | 86.05 | 6,707.66 | 83.87 | 314.57 | 4.69 |
| Total Liabilities and Shareholders' Equity | 8,160.40 | 100 | 7,997.33 | 100 | 163.07 | 2.04 |

2. Financial Position

2.1 Assets

The total assets of the Company as of March 31, 2018 amounted to Baht 8,160.40 million, increasing by Baht 163.07 million from December 31, 2017. Main asset of the Company comprised of current assets by 36.46% of total assets and non-current assets by 63.54% of total assets. The increase in current assets resulted from increasing short-term investments by Baht 566.25 million.

The trade and other receivables of the Company accounted for 10.09% of total assets, decreasing by Baht 70.84 million from 2017 because the most of account receivables were paid on due.

2.2 Liabilities

The liabilities of the Company as of March 31, 2018 totaled to Baht 1,138.17 million, accounting for 13.95% of total Liabilities and Shareholders' Equity and decreasing by 11.75% from December 31, 2017 due to decreasing trade payables and accrued expenses. As a result, the debt to equity ratio of the Company was at 0.16 lower from 0.19 as of December 31, 2017.

2.3 Shareholders' Equity

The shareholders' equity of the Company as of March 31, 2018 stood at Baht 7,022.23 million, accounting for 86.05% of the total of Liabilities and Shareholders' Equity. The shareholders' equity increased by Baht 314.58 million from December 31, 2017 due to operating profit. In addition, the book value of the Company was at 15.60 Baht per share, increasing from 14.91 Baht per share in 2017.

3. Liquidity Position

The net cash from operating activities of the Company in Q1 ended on March 31, 2018 amounted to Baht 415.16 million, increasing by Baht 43.31 million or by 11.65% from the previous year because of higher sales volume and profit.

The net cash used in investing activities totaled to Baht 509.31 million, increasing by Baht 292.74 million, resulted from higher amount of short-term and long-term investments.

As a result, the Company recorded cash and cash equivalents of Baht 548.11 million as of March 31, 2018, decreasing by Baht 136.97 million as a result of higher short-term and long-term investments from the same quarter last year.

As of March 31, 2018, the Company maintained the current ratio at 3.25, and the average days 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 70 days. As a result, the cash cycle of the Company was at 26 days.

This is to be informed for your acknowledgement

.....

(Ms. Petcharat Anantawichai)

Director and Senior Management Accounting Department
and Finance Department Manager
Company Secretary