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THIP-SET/026/2018

May 11, 2018

Subject : Filing of Reviewed Financial Statements for the 1<sup>st</sup>  
Quarter of 2018 and 2017 and Management  
Discussion and Analysis

Attention : The President  
The Stock Exchange of Thailand

Enclosures : 1. Reviewed Financial Statements and the Auditor's  
Review Report for the 1<sup>st</sup> Quarter of 2018 and 2017  
2. Management Discussion and Analysis

The Board of Directors Meeting No. 5/2018 of Thantawan Industry Public Company Limited which was held on May 11, 2018 had approved the Reviewed Financial Statements for three-month period ended March 31<sup>st</sup>, 2018. The Management Discussion and Analysis for the 1<sup>st</sup> Quarter of this year can be clarified as attached.

Please be informed accordingly.

Very truly yours,

(Mr. Teerachai Siritunyanont)(Mrs. Pojanard Prinyapatpakorn)

Authorized Director



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## Management Discussion and Analysis for Q1 2018

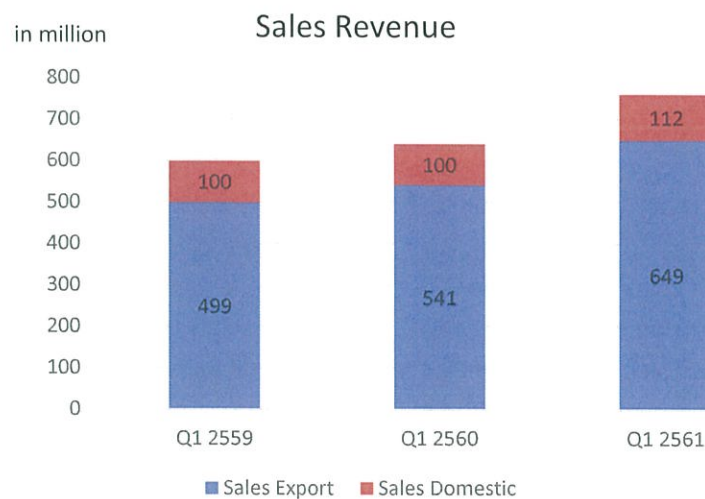
### A) Results of Operations

The net profit after tax of Q1 2018 was THB 73.5 million which increased by THB 15.8 million or 27.4% compared to the same quarter 2017 of THB 57.7 million. Earnings per share was THB 0.92 which earned more THB 0.20 than Q1 2017. Factors that contributed to the results were as follow

- The revenue growth was 19% compared to the same quarter in 2017 because company continue improving technology and expertise in the plastic packaging industry in order to expand more of the new customers and retained the key current customers. From this sales growth company generated more THB 9.3 million into bottom line.
- Company had benefit of the strong baht to USD in Q1 2018 that generated forex gained THB 10.1 million which more than Q1 2017 of THB 3.9 million.
- Company had net profit as per tax under BOI in Q1 2018 THB28.4 million which contributed saving in tax paid THB 5.7 million. Comparing to the same period of last year, although company generated more of the net profit before tax and got less of the tax card, the net corporate income tax paid was less by THB 2.6 million.

### Revenue from Sales

Total sales revenue in Q1 2018 was THB 761 million, increased by THB 120 million or 18.7% from the same period last year. The sales portions could be explained by the following diagram.



  
Mr. Teerachai Siritunyanont  
Director

  
Mrs. Pojanard Prinyapatpakorn  
Director



Most of Finished products are made in accordance with customers' orders (Made to Order) which can be classified into 3 categories, 1.) Plastic bags e.g. Zipper bag, breast milk storage bag 2.) Drinking straws 3.) Other products e.g. Zipper profile, Body puff

Performance by each segment could be summarized as below:

Products	Q1 2018		Q1 2017	
	Revenue (million)	%	Revenue (million)	%
Plastic Bags	633.7	83.3	524.3	82
Drinking Straws	85.5	11.2	87.1	13.6
Other Products	42.1	5.5	30.0	4.4
<b>Total Sales Revenue</b>	<b>761.3</b>	<b>100</b>	<b>641.4</b>	<b>100</b>

#### 1. Plastic bags

Sales revenue from plastic bags for Q1 2018 was THB 633.7 million, increased from the same quarter last year by THB 109.4 million or 20.9%. This additional sales came from the new customers and existing key customers.

#### 2. Drinking straws

Total Drinking straws sales was THB 85.5 million, slightly declined from Q1 2017 by THB 1.5 million or 1.8%.

#### 3. Other products

Sales from other products rose from Q1 2017 by THB 12.2 million or 40.8% mainly because company continued to fulfill the variety in customers' desired.

#### Other incomes

Other incomes for Q1 2018 of THB 15 million, increased from the same period of last year by THB 3.5 million or 30.4% mainly because of the additional forex gained THB 3.9 million more than Q1 2017 and offset by the lower in tax card THB 0.5 million. Because company bought raw material from oversea and had outstanding account payables more than account receivables so when the exchange rate of THB/USD became more appreciated in



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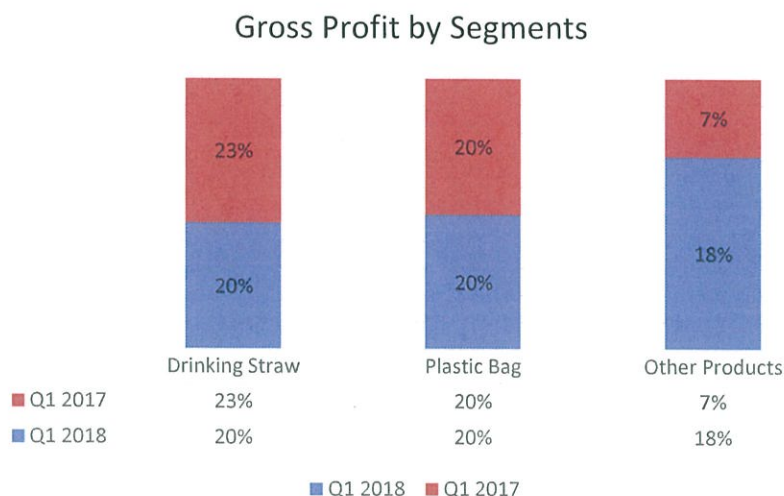
*Mrs. Pojanard Prinyapatpakom*

Mrs. Pojanard Prinyapatpakom  
Director

2018 than that of 2017, company had net forex gained. Company realized this importance factor and keep monitoring closely to manage the forex loss to be minimal.

#### Gross Profit margin

Gross profit margin for Q1 2018 was presented at 19.9% of sales revenue which closed to Q1 2017 at 20.0%. The gross profit by each segment was presented by the following diagram.



#### Selling and administrative expenses

Selling expenses for Q1 2018 was THB 25.2 million or 3.3 % to sales, increased from last year at same period by THB 5.2 million or increased 0.19% if compare with Q1 2017 at 3.11 % to sales.

Administrative expenses for Q1 2018 was THB 56.4 million or 7.41% to sales, , increased from last year at same period by THB 8.3 million or decreased by 0.08% if compare with Q1 2017 at 7.49 % to sales.

This was mainly due from the driving in sales growth and the expenses to find new generation of management for the successor plan.

#### B) Financial position

##### Assets

As of March 31, 2018, Company's total assets were THB 2,060 million, increased from December 31, 2017 by THB 98.8 million or 5.0%. Significant changes in assets were followings;

1) Total current assets were THB 1,402.4 million, increased by THB 79.9 million or 6.0% mainly due to



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1.1 Inventories THB 498.3 million, increased by 75.9 million or 18.0% compared to 31 December 2017, mainly from the increasing of raw materials and finished goods..

1.2 Other current assets THB 14.2 million, increased by 4.1 million or 40.4% mainly from outstanding input VAT and VAT receivable by THB 4.8 million and offset with the declined in deposit in advance and others by THB 0.7 million.

2) Non-current assets totaled THB 657.9 million, increased from December 31, 2017 amount of THB 19 million or 3.0%, resulting from purchasing of net fixed assets in Q1 2018 THB 14.8 million and assets under construction THB 3.7 million.

#### Liabilities and Shareholders' Equity

As of March 31, 2018, company's total liabilities were THB 479.8 million, increased by THB 25.4 million or 5.6% compared to December 31, 2017. The sum up came from accounts payable increased by THB 34.6 million from the volume purchased, accrual and other liabilities net decreased by THB 22.3 million, deposit and guarantee increased by THB 1.8 million and last the accrued of corporate income tax increased by THB 11.3 million from this period earning.

Shareholders' equity as of March 31, 2017 was THB 1,580.5 million, increased by THB 73.5 million or 4.9% compared to December 31, 2017 totally added up from the net profit after tax of Q1 2018.

#### C) Key Financial Ratios

Description	unit	Q1 2018	Q1 2017
Gross profit margin	%	19.9%	20.0%
Net profit margin	%	9.47%	8.83%
Return on Shareholders' equity	%	4.65%	4.11%
Return on total assets	%	3.57%	3.13%
Liquidity ratio	Times	3.21	3.20
Cash cycle	Days	53	66
Debt to Equity ratio	Times	0.30	0.31
Book value per share	THB/share	19.76	17.54
Basic earnings per share	THB/share	0.92	0.72



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