



บริษัท ฟอ์จูน พาร์ท อินดัสตรี จำกัด (มหาชน)

FORTUNE PARTS INDUSTRY PUBLIC COMPANY LIMITED

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11 May 2018

Subject : Management Discussion & Analysis of Performance Results of Quarter 1/2018

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 31 March 2018 which has been reviewed by certified public auditor as follows :

Overall performance results of the Company for the three-month period ended 31 March 2018, compared to the same period of the previous year were as highlighted below ;

	<u>Q1/2018</u>	<u>Q1/2017</u>	<u>% Change</u>
Sales and Service Income	467	461	1
Cost of sales and Services	384	339	13
Selling and Administrative Expenses	60	70	(14)
Financial Cost	7	7	-
Net Profit	23	45	(49)

(Unit : Million Baht)

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Financial statements in which equity method is applied

	<u>Q1/2018</u>	<u>Q1/2017</u>	<u>% Change</u>
Sales and Service Income	467	461	1
Cost of sales and Services	384	339	13
Selling and Administrative Expenses	60	70	(14)
Share of profit (loss) from investments in associates and joint ventures	3	(1)	400
Financial Cost	7	7	-
Net Profit	26	45	(42)

Total Revenues

In the three-month period ended 31 March 2018 and 2017, total revenues of the Company decreased from Baht 477 million to Baht 469 million, increased by Baht 8 million or 2%. Sales and Service Income amounted to Baht 467 million for 2018 increased by Baht 6 million or 1% compared to the same period of previous year. The mainly reasons were the export sales decreased from Asia zone by Baht 23 million from main customers in Saudi Arabia. Sales from South Africa zone increased by Baht 11 million from main customers in Peru and Chili. Gross profit margin decreased 9% and Net profit decreased 22%, main reason is the Baht strength.

Cost of sales and Services

In the three-month period ended 31 March 2018 and 2017, total cost of sales and services of the Company increased from Baht 339 million to Baht 384 million, increased by Baht 45 million or 13% due to direct labor and production overhead increases.

Selling and Administrative Expenses

In the three-month period ended 31 March 2018 and 2017, total selling and administrative expenses of the Company increased 14%, due to the Company increased in loss on exchange rate because of Baht strength 9%, allowance for diminution in value of inventories (reversal) decreased 63% compared to the same period of previous year.

Financial Cost

In the three-month period ended 31 March 2018 and 2017, total financial cost of the Company decreased from Baht 7 million to Baht 7 million, decreased by Baht 0 million or 0% due to financial cost and cheaper financing compared to the same period of previous year.

Net Profit

In the three-month period ended 31 March 2018 and 2017, net profit of the Company decreased from Baht 45 million to Baht 23 million, decreased by Baht 22 million or 49% due to Baht strength 9%, increased from selling and administrative expenses, allowance for diminution in value of inventories (reversal) increased 9% compared to the same period of previous year.

For Share of profit (loss) from investments in associates and joint venture in 2018 total to Baht 3 million due to :

1. SAFE Energy Holdings Company Limited ("SAFE") as the joint venture which the Company holds 33.37 %. Currently, the project has commenced the commercial operation. SAFE invest in PWGE 99.99%, Bina Puri Power (Thailand) Co.,Ltd. SAFE invest in Bina 49.00% and SAFE Biomass

Co.,Ltd. SAFE invest in SAFE Biomass Co.,Ltd. 100.00%. The Company shall recognize the sharing of operating performance total Baht 4 million.

2. FORTUNE-PARTS INDUSTRY ECUADOR CIA.LTDA. as the joint venture which the Company holds 45%.

3. ALP FPI PARTS PRIVATE LIMITED. as the joint venture which the Company holds 45% the Company shall recognize the sharing of operating performance total loss amount Baht 1 million.

Financial Position : Financial statements in which equity method is applied (in comparison to as at 31 December 2017)

Overall financial position of The Company as at 31 March 2018, compared to the statement of financial position as at 31 December 2017, decreased from Baht 2,733 million to Baht 2,795 million, decreased by Baht 62 million or 2% due to factors as summarized below ;

Total Assets

As at 31 March 2018, total assets was Baht 2,733 million, decreased by Baht 62 million from the ended 31 December 2017 mainly due to cash and cash equivalents short term loan from financial institutions decreased due to the repayment of packing credit and short term loans- letter of credit that matured during the period, inventory decreased from company sales of bulk trading goods during the period. Investments in joint ventures increased because of Safe Energy Holdings Company Limited registered the increase in its share capital, the Company transfer money to advance capital to invest.

Total Liabilities

As at 31 March 2018, total liabilities was Baht 1,337 million, increased by Baht 131 million from the ended 31 December 2017, mainly from the accounts payable decreased due to the payment. Other current liabilities decreased due to deposit in advance payment for OEM and Long-term loans decreased from payment of trust receipts from import machinery at year end.

Shareholders' Equity

As at 31 March 2018, shareholders' equity was Baht 1,396 million increased by Baht 69 million from Baht 1,327 million as at 31 December 2017 mainly due to the net profit from operating for the

period by Baht 25 million, shares to be issued from exercise of warrants increased by Baht 137 million and received advance from share subscription by Baht 43 million.

Please be informed accordingly.

Yours sincerely,

-Mr.Sompol Tanadumrongsak-
Managing Director