

## Revenue by Business Segment

(Million Baht)

Business Segment	Company	ASIAN Shareholding portion %	2017		2016		2015	
			Domestic	Export	Domestic	Export	Domestic	Export
Frozen Business	ASIAN	-	101	1,941	233	2,018	173	1,263
	SURAT	100	112	2,009	118	2,447	85	1,672
Tuna Business	AAI	100	155	929	350	912	300	892
Pet Food Business	AAI	100	109	2,536	136	1,511	175	1,427
Aquaculture Feed Business	AFEED	100	1,423	45	1,189	21	1,110	-
Distribution Business	ASIAN	-	323	-	250	-	316	-
	AFOOD	100	395	-	361	-	379	-
Others	ASIAN	-	100	-	106	-	111	-
Deduct Elimination of inter-company transaction			(438)	-	(447)	-	(366)	-
Total Revenue			2,280	7,460	2,296	6,909	2,283	5,654

<b>Note</b>	ASIAN	Refer to	Asian Seafoods Coldstorage PLC.
	SURAT	Refer to	Asian Seafoods Coldstorage (Suratthani) Co., Ltd.
	AAI	Refer to	Asian Alliance International Co., Ltd.
	AFEED	Refer to	Asian Feed Co., Ltd.
	AFOOD	Refer to	Asian Food Co., Ltd.

## Management Discussion and Analysis

### Operating Result

The company operate its business in 5 business segments, which are Frozen business, Tuna business, Pet Food business, Aquaculture Feed business, and Distribution business. Sale revenue by segment was stated in the table

In 2017, total sales and services revenue, including other revenues, is around 9,740 million baht, 6% increase compare to 2016. Sales revenues of frozen business for the full year decreased to 4,163 million baht, decreased 14% compare to 2016, especially in Q4. This decrease was due to low squid sales in the second half of the year, particularly in Q4 (down 65% y.o.y.). Squid customers in Europe switched from Thai squid to exceptionally low priced South American squid, following the bumper catch that pushed overall squid prices down.

A lower USD FX rate, averaging around 5% lower, impacted sales revenues.

Gross profit was higher in shrimp than the year before. Due to a revaluation of squid inventories in Q4, however, profitability in the squid business was significantly below last year. Sillago margins were satisfactory and stable.

Canned Tuna revenues went down around 14% compare to last year, to 1,084 million baht, mainly due to lower capacity planned. Given the unpredictable pricing throughout the year, no long positions were taken as sales contracts were matched to available fish, result in margins which were in line with last year.

Sales revenues on Petfood increase 61% over the year to 2,645 million baht, mainly due to volume increases even lower USD FX rate outpaced price increases. The additional dog food line became operational in Q4. New product development is well under way and is expected to bring volume in the course of 2018.

Feed revenues increased 21% y.o.y. to 1,468 million baht, both in shrimp feed and fish feed. Our feed quality is well received. Margins remained good throughout the year, and a significant lower allowance for doubtful needed to be taken, which improved profitability significantly over the year. Asian's market share increased due to more shrimp farmers being flexible in their choice of feed supplier.

Apart from weather conditions, good quality shrimp larvae remain a main obstacle for further growth.

Distribution revenue increased to around 718 million baht, especially in Q4/2017. Margin were good and stable.



As the company strategy is to increase portion of value added products in every business segment, the gross profit increased to 10.5% in 2017, increased from 8.4% in 2016 even weaken USD pressure the profitability so much in the second half of the year.



Net profit for 2017 is around 418 million baht compare to 155 million baht in 2016. Earning before taxed increased to around 371 million baht, mainly from better gross profit margin and lower in allowance for doubtful debt and other selling and administration expenses compare to the year before.

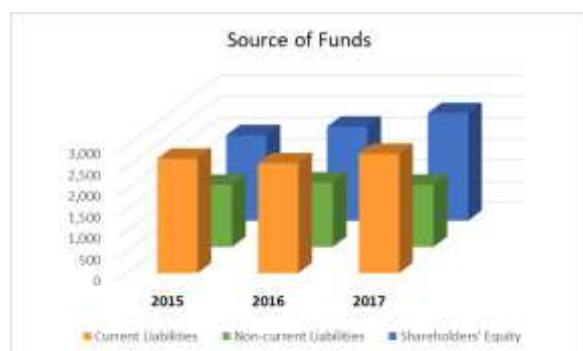
The company adjusted its Deferred taxed assets in 2017 which increased around 47 million baht due to accumulative loss carry forward that the auditor agreed that the subsidiaries will be able to utilize.

## Financial Position

### Assets

The company and its subsidiaries have total assets of 6,811 million baht, increased 485 million baht from last year (8% increasing), mainly from increase in inventory. The other are comprising from 200 million baht investment in replacement of equipment, infrastructure and ERP software. Depreciation and amortization amounted 189 million Baht.

### Source of Fund



The company and its subsidiaries have their source of fund as follow:

- Shareholders' Equity:** The company's equity was 2,539 million baht, 321 million baht increased from last year. The company paid stock dividend in October 2017 which increased its paid-up share capital from 362 million baht to 543 million baht. Net profit increased 140 million baht.
- Current Liabilities:** Total current liabilities were 2,809 million baht, increase 221 million baht compare to 2016. Net working capital at the end of the year increased 527 million baht to 3,295 million baht as inventory was increased significantly. Short term facilities the company and its subsidiaries have by the end of December 2016 are as follow:

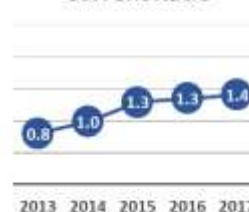
Type of facilities (million baht)	Total Facilities	Outstanding Balance	Availale
Short-term	2,989.0	1,284.13	1,704.87.0
B/E	500.0	-	500.0

- Long term debts & debentures:** In 2017, the Company's long-term credit and debentures were as follows:

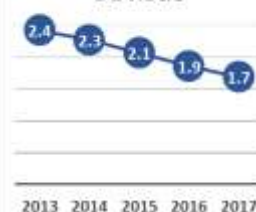
Type of Loans (million baht)	Total Facilities (million baht)	Approval Dates	Outstanding as of Dec 31 <sup>st</sup> , 2016 (million baht)	Current Portion (million baht)
Long Term Loan	850.0	July 2014	310.0	240.0
Long Term Loan	1,500.0	July 2017	1,500.0	280.0
2-year Debenture	150.0	March 2016	150.0	150.0
2-year Debenture	200.0	September 2016	200.0	200.0

### Liquidity

#### Current Ratio



#### DE Ratio



The Current Ratio is 1.4. The Debt to Equity ratio decreased from 1.9 a year before to 1.7 as per 31<sup>st</sup> December 2017. Under the terms of long term loan agreements the D/E ratio must be below 2.5 at 31 December 2016, and below 2.0 at year-end 2017. Net Debt to Equity ratio was 1.8 at year end. Under the terms of the bond agreement this ratio must be below 3.0.

#### Net DE Ratio



AR days of the company is at the same rate compare to last year. AP days improved a bit while inventory days is increased as inventory volume increased.

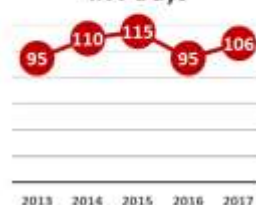
#### AR Days



#### AP Days



#### INV Days

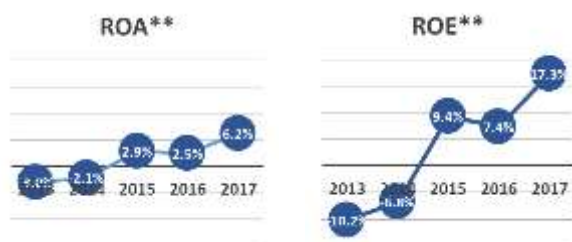


#### Net WC Days\*



## Asset Management Efficiency

Asset Management efficiency is better compare to the year before as Return on assets is 6.2% compare to 2.5% last year. Return on Equity increase to 17.3%. Book value per share increased to 4.68 baht per share comparing to 4.09 baht per share last year from the operating profit this year (calculated at 542.73 million shares which are the number of shares at 31<sup>st</sup> December 2017).



\*\* ROA= last 4 quarter net profit/Average total asset

\*\*\* ROE= last 4 quarter net profit/Average total shareholders' equity

## Obligations or Other significant factors

### Ability to maintain its financial covenant

For the long-term credit facilities, the Company agreed to the covenant with financial institutions, requiring the Company's debt to equity (D/E) ratio not to exceed 2.5 times in 2016 and 2.0 times since 2017 till maturity date, and maintain current ratio at least 1.2 times since 2016 to the payment due date. Under the restrictive covenants of the long-term credit facilities, the Company is also required to maintain a minimum debt service coverage ratio of 1.2 times. Otherwise, the Company is unable to pay dividend or any other benefits to shareholders.

For the debenture covenants, the Company's net D/E is limited at 3.0 times and the Company's dividend payout ratio is set at no more than 60% of consolidated net profit.

In 2017, the Company managed to maintain D/E, net D/E and current ratio as required. The Company's debt service coverage ratio also surpassed 1.2 times.

### Dividend Payout

In 2017, The Board of Director considered Statement of financial position of the company as of 31<sup>st</sup> December 2016 and found out that there are 849.63 retain earning. This, including with high performance of the company in the 1<sup>st</sup> half of the year, resulted in rapid share price increase. Board of Director

saw the opportunity to increase shares volume in order to generate more floating to maintain investor interest, which will be good for future fund-raising plan. The Board of Director, then, resolved to propose to the Extraordinary General Shareholder's Meeting No.1/2017 to pay share and cash dividend from retain earning at the rate of 0.556 baht per share. The dividend will pay out as stock dividend at the rate of 0.50 baht per share, at the ratio of 2 existing share to 1 dividend share, and pay out as cash dividend at the rate of 0.056 baht per share. The dividend payment in total will be 180.91 million shares and 20.26 million baht cash. The EGM approved the proposal on 20<sup>th</sup> September 2017.

Moreover, the Board of Director resolve to propose to the Annual General Shareholder's Meeting of 2018 to consider and approved dividend payment of 0.25 baht per share from Non-BOI operation result, which is around 32.45% of its 2017 performance.

### Significant non-recurring transactions

- In 2017, allowance for doubtful debt increased for the total of 18 million baht, mainly from Aquaculture feed business.