



บริษัท ฟอ์จูน พาร์ท อินดัสตรี จำกัด (มหาชน)

FORTUNE PARTS INDUSTRY PUBLIC COMPANY LIMITED

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10 November 2016

Subject : Management Discussion & Analysis of Performance Results of Quarter 3/2016

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 30 September 2016 which has been reviewed by certified public auditor as follows :

Overall performance results of the Company for the three-month period ended 30 September 2016, compared to the same period of the previous year were as highlighted below ;

	(Unit : Million Baht)		
	<u>Q3/2016</u>	<u>Q3/2015</u>	<u>% Change</u>
Sales and Service Income	465.84	445.11	+4.66
Cost of sales and Services	336.98	327.13	+3.01
Selling and Administrative Expenses	57.38	45.56	+25.94
Financial Cost	8.31	10.33	-19.55
Net Profit	58.68	54.86	+6.96

Total Revenues

In the three-month period ended 30 September 2016 and 2015, total revenues of the Company increased from Baht 451.81 million to Baht 473.57 million, increased by Baht 21.76 million or 4.82%. Sales and Service Income amounted to Baht 465.84 million for the three-month period ended 30 September 2016 increased by Baht 20.73 million or 4.66% compared to the same period of previous year. The mainly reasons were the domestic sales increased from OEM projects (Toyota) and export sales increased from Asia zone such as Saudi Arabia and United Arab Emirates, Sales from South America Zone, Sales from Australia and New Zealand zone increased from OEM project of Suzuki brand sold to EGR. Result, gross profit increased in Q3/2016.

Cost of sales and Services

In the three-month period ended 30 September 2016 and 2015, total cost of sales and services of the Company increased from Baht 327.13 million to Baht 336.98 million, increased by Baht 9.85 million or 3.01% due to direct labor and production overhead increases.

Selling and Administrative Expenses

In the three-month period ended 30 September 2016 and 2015, total selling and administrative expenses of the Company increased from Baht 45.56 million to Baht 57.38 million, increased by Baht 11.82 million or 25.94%, due to allowance for doubtful accounts and allowance for diminution in value of inventories (reversal) increases compared to the same period of previous year.

Financial Cost

In the three-month period ended 30 September 2016 and 2015, total financial cost of the Company decreased from Baht 10.33 million to Baht 8.31 million, decreased by Baht 2.02 million or 19.55% due to financial cost and cheaper financing compared to the same period of previous year.

Net Profit

In the three-month period ended 30 September 2016 and 2015, net profit of the Company increased from Baht 54.86 million to Baht 58.68 million, increased by Baht 3.82 million or 6.98% due to cost of sales and service, selling and administrative expenses and financial cost decreased compared to the same period of previous year. The Company also have revenue portion from OEM increased.

Overall performance results of the Company for the nine-month period ended 30 September 2016, compared to the same period of the previous year were as highlighted below ;

(Unit : Million Baht)

for the nine-month period ended 30 September

	<u>2016</u>	<u>2015</u>	<u>% Change</u>
Sales and Service Income	1,433.31	1,325.06	+8.17
Cost of sales and Services	1,029.60	1,007.15	+2.23
Selling and Administrative Expenses	155.47	142.22	+9.32
Financial Cost	25.70	30.20	-14.90
Net Profit	197.19	146.38	+34.71

Total Revenues

In the nine-month period ended 30 September 2016 and 2015, total revenues of the Company increased from Baht 1,364.50 million to Baht 1,453.32 million, increased by Baht 88.82 million or 6.51%. Sales and Service Income amounted to Baht 1,433.31 million for the nine-month period ended 30 September 2016 increased by Baht 108.25 million or 8.17% compared to the same period of

previous year. The mainly reasons were the domestic sales increased from OEM projects (Toyota) and export sales increased from Asia zone such as Saudi Arabia and United Arab Emirates, Sales from South America Zone, Sales from Australia and New Zealand zone increased from OEM project of Suzuki brand sold to EGR. Result, gross profit increased.

Cost of sales and Services

In the nine-month period ended 30 September 2016 and 2015, total cost of sales and services of the Company increased from Baht 1,007.15 million to Baht 1,029.60 million, increased by Baht 22.45 million or 2.23% due to direct labor and production overhead increases.

Selling and Administrative Expenses

In the nine-month period ended 30 September 2016 and 2015, total selling and administrative expenses of the Company increased from Baht 142.22 million to Baht 155.47 million, increased by Baht 13.25 million or 9.32%, due to allowance for doubtful accounts and allowance for diminution in value of inventories (reversal) increases compared to the same period of previous year.

Financial Cost

In the nine-month period ended 30 September 2016 and 2015, total financial cost of the Company decreased from Baht 30.20 million to Baht 25.70 million, decreased by Baht 4.50 million or 14.90 % due to financial cost and cheaper financing compared to the same period of previous year.

Net Profit

In the nine-month period ended 30 September 2016 and 2015, net profit of the Company increased from Baht 146.38 million to Baht 197.19 million, increased by Baht 50.81 million or 34.71% due to cost of sales and service, selling and ministrative expenses and financial cost decreased compared to the same period of previous year. The Company has a higher proportion of OEM, lower raw material, lower cost of production. Also in the nine-month period ended 30 September 2016, The Company also have revenue portion from OEM increased from 10% in the nine-month period ended 30 September 2015 to 15% or up to 50% compared to the same period of previous year.

Financial Position (in comparision to as of 31 December 2015)

Overall financial position of The Company as of 30 September 2016, compared to the statement of financial position as of 31 December 2015, increased from Baht 2,359.15 million to Baht 2,501.33 million, increased by Baht 142.18 million or 6.03% due to factors as summarized below ;

Total Assets

As at 30 September 2016, total assets was Baht 2,501.33 million, increased by Baht 142.18 million from the ended 31 December 2015 mainly due to cash and cash equivalents increased from packing credit that the Company withdraw in the ended of period, inventory increased from OEM project for EGR and finished goods from steel bumper, Other non-current assets increased due to account receivable from fixed asset by amount Baht 12.52 million, which is due in the next 2-3 years.

Total Liabilities

As at 30 September 2016, total liabilities was Baht 1,503.60 million, increased by Baht 90.29 million from the ended 31 December 2015, mainly from the accounts payable increased due to the purchase of raw materials and components to produce finished products OEM and steel bumper and light from China. Income taxes payable decreased from paying mid year corporate tax returns and the Company can deduct expenses related to the increased investment announced by the IRS. Other current liabilities increased due to deposit in advance payment for OEM and received from other customers, to prevent the risk of receiving payment. Long-term loans decreased from payment of trust receipts from import machinery at the end of 2015

Shareholders' Equity

As at 30 September 2016, shareholders' equity was Baht 997.73 million increased by Baht 51.89 million from Baht 945.84 million as at 31 December 2015 mainly due to the net profit from operating for the period by Baht 197.19 million, dividend paid by Baht 157.93 million, shares to be issued from exercise of warrants increased by Baht 12.21 million and received advance from share subscription by Baht 0.42 million.

Please be informed accordingly.

Yours sincerely,

-Mr.Sompol Tanadumrongsak
Managing Director