

Acc. 023/2017

August 10, 2017

To: The President  
The Stock Exchange of Thailand

Dear Sir,

Subject: Management Discussion and Analysis Quarter 2 Ending 30 Jun 2017

S. Khonkaen Foods Public Company Limited and its subsidiaries ("the company") would like to clarify the operating results for the second quarter 2017 which have been reviewed and duly approved by the Board of Directors.

For the second quarter 2017 consolidated operating results, the company recorded net profit attributed to equity holders of the company of Baht 36.3 million, or 106.0% increase comparing with 2016's net profit of the same period.

- 1) The company recorded its total revenue of Baht 705.7 million, or 5.0% increase from the second quarter 2016 in Baht 33.9 million of which Baht 690.2 million was revenue from sales. The company had successfully recorded a sales growth of Baht 27.4 million, or 4.1% year-over-year. Please find the details of sales growth by business units as following:
  - Processing food from meat business (Traditional Thai Food, Snack and Frozen) recorded its revenue of Baht 359.5 million which 1.2% increased from Q2/2016 or in Baht 4.4 million.
  - Seafood business recorded its revenue of Baht 235.8 million which 10.2% increased from Q2/2016 or in Baht 21.8 million.
  - QSR business recorded its revenue of Baht 42.0 million which was the highest sales growth rate and value increase 33.2 % or Baht 10.5 million growth compared to last year of the same period by expanding branch of Zaap Classic from 6 to 14 branches since Q4/ 2016 and increased two franchises in this quarter.
  - Swine farm business recorded its revenue of Baht 52.9 million which decreased of Baht 9.2 million from Q2/2016 due to decreasing of pork price about 14%.

- 2) Gross Profit Margin (GPM) in the second quarter 2017 was 30.2% or value of Baht 208.3 million that increased from Q2/2016 in Baht 9.0 million. Details of GPM by business units are as following:
- Processing food from meat business (Traditional Thai Food, Snack and Frozen) recorded its GPM of Baht 117.2 million which 4.2% increased from Q2/2016 or in Baht 4.7 million. The GPM rate growth better than revenue's growth as pock price decreased.
  - Seafood business recorded its GPM of Baht 61.8 million which 20.9% increased from Q2/2016 or in Baht 10.7 million that came from export to America and Europe.
  - QSR business recorded its GPM of Baht 23.7 million which 7.9% increased from Q2/2016 or in Baht 1.7 million.
  - Swine farm business recorded its GPM of Baht 5.5 million which decreased of Baht 8.1 million from Q2/2016 due to decreasing of pork price and rising of labor cost.
- 3) Selling and Administration Expenses
- Selling and administration expenses decreased by Baht 11.4 million, or 6.5% from Q2/2016, as a result of improved efficiency in cost and expenses control.
- 4) Other Transaction
- There were Baht 5.2 million gain from fair value of swine in the second quarter 2017 and Baht 7.7 million and Baht 4.3 million from new office building revenue and expenses.
- 5) Financial Cost
- Financial cost increased from Baht 8.7 million in 2016 to Baht 10.7 million in 2017, which came from investment in both expansion factories in 2015 and new office building in 2016.

Respectfully Yours,

(Mr. Charoen Rujirasopon, Mrs. Niramon Rujirasopon)

Authorized Directors