

Acc.028/2017

November 9, 2017

To: The President
The Stock Exchange of Thailand

Subject: Management discussion and Analysis Quarter 3 Ending 30 Sep 2017

Dear Sir,

S. Khonkaen Foods Public Company Limited or "SORKON" and its subsidiaries ("the company") would like to clarify the operating results for Quarter 3/2017 as following:

Revenue and Net Sales

The company recorded its total revenue of Baht 690.7 million, or 4.9 % increased from Q3/2016 in Baht 32.2 million of which Baht 676.3 million were revenue from sales. The company had successfully recorded a sales growth of Baht 25.7 million, or 3.9 % year-over-year (YoY). Please find the details of sales growth by business units as following:

- Processing food business recorded its revenue of Baht 583.6 million that 4.0 % increased from Q3/2016 or in Baht 22.3 million.
- QSR business recorded its revenue of Baht 41.8 million that was the highest sales growth rate and value increased 24.9 % or Baht 8.3 million growth compared with last year of the same period by franchises and delivery services expanding and co-promotion with banks and mobile service providers.
- Swine farm business recorded its revenue of Baht 50.9 million that decreased of Baht 5.0 million from Q3/2016 due to decreasing of pork price about 14%

Gross Profit Margin

Gross Profit Margin (GPM) in Quarter 3/2017 were Baht 211.1 million that improved from Q3/2016 in Baht 34.1 million or 19.3% YoY. Moreover, GPM rate increased to 31.2% from 27.2% last year. Details of GPM by business units are as following:

- Processing food recorded its GPM of Baht 184.7 million that 22.4% increased from Q3/2016 or in Baht 33.8 million mainly due to decreasing of pock price and effective production management.

- QSR business recorded its GPM of Baht 23.2 million that 25.1% increased from Q3/2016 or in Baht 4.7 million.
- Swine farm business recorded its GPM of Baht 3.2 million that decreased of Baht 4.4 million from Q3/2016 due to decreasing of pork price.

Selling and Administration Expenses

Selling and administration expenses in Quarter 3/2017 increased to Baht 167.1 million from Baht 150.0 million in Q3/2016, an increase by Baht 17.1 million, or 11.4% YOY mainly due to co-promotion with customers to reduce price for ending consumers as pork price decreased.

Other Transaction

There were Baht 1.6 million gain from fair value of swine in Quarter 3/2017, and Baht 9.0 million and Baht 4.6 million from new office building revenue and expenses.

Financial Cost

Financial cost increased from Baht 10.2 million in Quarter 3/2016 to Baht 10.7 million in Q3/2017, which came from investment in both expansion of factories in 2015 and new office building in 2016.

Net Profit

For the Quarter 3/2017, the company recorded net profit attributed to equity holders of the company of Baht 37.7 million compared with Baht 9.6 million in Q3/2016, increased by Baht 28.0 million or 291.0% YoY.

Financial Position

Asset

As of 30 September 2017, the company reported total Asset of Baht 2,340.5 million, increased from Baht 2,291.4 million by the year-end 2016, or increased by Baht 49.1 million or 2.1%

Liabilities

As of 30 September 2017, the company reported total Liabilities of Baht 1,503.3 million, increased from Baht 1,468.6 million by the year-end 2016, or increased by Baht 34.7 million or 2.4% due to the increase short-term loans from financial institutions.

Equities

As of 30 September 2017, the company reported total Equities of Baht 837.2 million, increased from Baht 822.7 million by the year-end 2016, or increased by Baht 14.5 million or 1.8%

Respectfully Yours,

(Mr. Charoen Rujirasopon, Mrs. Niramorn Rujirasopon)

Authorized Directors