

NPP. 011/2018

28 February 2018

Subject Management Discussion and Analysis For the year 2017

To The President  
of the Stock Exchange of Thailand

**Management's Discussion and Analysis  
Consolidated Financial Results for the year 2017**

For the year ended 31 December 2017

Consolidated Profit & Loss of NIPPON PACK (THAILAND) PCL.,

Unit : Million Baht

	Year 2017	Year 2016	Change	%YoY
Revenue from sales and services	621.1	540.2	80.9	15%
Revenue from food and beverage sales	557.1	393.3	163.8	42%
Total	1,178.2	933.5	244.7	26%
Gross Profit	223.8	179.6	44.2	25%
Net Profit/(Loss) for the year	(465.5)	(183.1)	(282.4)	(154%)
Net Profit/(Loss) from the period attribute to equity holders of the Company	(367.7)	(152.8)	(214.9)	(141%)

**Revenue**

Revenue from Sales year 2017 was 1,178.2 MB increased by 244.7 MB or 26% y-o-y due to explain in each business segment summary as follows:

**Revenue from sale and service**

*Plastic Packaging Segment*

Revenue from sales of plastic packaging was 475.2 MB, an increase by 62.9 MB or 15.3% y-o-y mainly due to increase sale with the existing customers and new customers expansion.

*PET bottle Segment*

Revenue from sales of PET bottle was 116.6 MB, an increase by 10.2 MB or 9.6% y-o-y mainly due to sales growth in existing customers and increase sales from new customers.

### *Space Rental Segment*

Revenue from space rental was 29.3 MB, an increase by 10.7 MB or 57.5% y-o-y consisting of revenue from space rental of “The Brio Mall” which plans for site development plan, screens more variety of shops including setting up interesting activities to meet the target group and recognize revenue from space rental since 1 July 2016.

### **Revenue from sales food and beverage**

**Sales of food and beverage** was 266.1 MB can be classified as follows:-

A&W Restaurant: revenue from sales was 197.0 MB, an increase by 40.7 MB or 26.0% y-o-y which the outlets increase from 21 - 29 outlets in year 2016 to 29 – 33 outlets in year 2017.

Miyabi Grills: revenue from sales was 45.5 MB, an decrease by 4.8 MB or 9.5% y-o-y due to the Company recognized sales since 1 March 2016 onwards. On 15 October 2017, the Company has granted franchise business license under “Miyabi” trademark to a third party for managing 3 outlets.

Mr.Jones’ Orphanage: revenue from sales 21.0 MB, an increase by 12.7 MB or 153% y-o-y. Due to last year the Company recognized sale for Mr. Jone’s Orphanage since 1 September 2016.

**Processed Food** : Revenue from sales was 219.0 MB, an increase by 112.2 MB or 62.8% y-o-y. Due to last year the Company recognized sale since 1 July 2016.

### Cost

#### **Cost of sales and service**

Cost was 564.4 MB, an increase by 62.7 MB or 12.5% y-o-y is in alignment with the growth sale trend. The Company can control the cost of materials and labor costs in effectively, which results in an increase in gross profit compared to the same period last year and onwards.

#### **Cost of sales food and beverage**

Cost was 390.0 MB, an increase by 137.8 MB or 54.6% y-o-y is in alignment with the growth sale trend. The Company still try to control the fresh food cost such as shrimp, salmon fish and other materials by select and revised the proper vendor and with product quality.

**Expenses**

**Selling expenses**

Selling expenses was 290.4 MB, an increased by 82.8 MB or 39.9% y-o-y, significant increase mainly including food and beverage business segment. Furthermore, the Company has still trying to manage and control the labor costs, utilities and electricity of restaurants business branch properly and efficiently. Also, the Company recognized the loss from impairment of assets of 39.37 MB as a resulted of the closure of non-performing stores.

**Administrative expenses**

Administrative expenses was 355.7 MB, an increased by 178.8 MB or 101.1% y-o-y as a result of the Company recognized loss from impairment of Goodwill of 124.8 MB, loss from impairment of Trademark of 12.1 MB and loss from impairment of leasehold of 36.9 MB, which these transactions are non-recurring and non-cash losses.

**Finance cost**

Finance cost was 13.9 MB, an increased by 3.5 MB or 33.7% y-o-y due to the business combination.

**Net Profit/(Loss) for the Year**

Loss was 465.5 MB, an increased by 282.4 MB or 154.2% y-o-y, due to the last year the Company had gain for disposal of assets 17.3 MB and gain on temporary investment 32.1 MB while the current year has gain from disposal of assets 0.5 MB and loss on temporary investment 25.1 MB. Also, the Company recorded loss from impairment of Goodwill of 124.8 MB, Loss from impairment of Trademark of 12.1 MB and Loss from impairment of leasehold of 36.9 MB, and recognized the loss from impairment of assets of 39.37 MB as a resulted of the closure of non-performing stores. All these transactions are non-recurring and non-cash losses.

Please be informed accordingly

Your Sincerely,

(Ms. Vachiraporn Aganapanya)

CFO