

NPPG.064/2018

14 August 2018

Subject Management Discussion and Analysis for the quarter 2 year 2018

To The President  
of the Stock Exchange of Thailand

**Management's Discussion and Analysis**

**Consolidated Financial Results for the three-month and the six-month Q2/2018**

For the three-month ended 30 June 2018

Consolidated Profit & Loss of NPPG (THAILAND) PCL., Unit : Million Baht

	Quarter 2 Year 2018	Quarter 2 Year 2017	%YoY	Quarter 1 Year 2018	%QoQ
Revenue from sales and services	157.7	150.6	4.7%	158.3	(0.4%)
Revenue from food and beverage sales	125.5	142.0	(11.6%)	127.1	(1.3%)
Total	283.2	292.6	(3.2%)	285.4	(0.8%)
Gross Profit	57.0	65.9	(13.5%)	51.5	10.7%
Net Profit/(Loss) for the year	(47.7)	(8.2)	481.7%	(47.8)	(0.2%)
Net Profit/(Loss) from the period attribute to equity holders of the Company	(36.7)	(3.5)	948.6%	(45.9)	(20.0%)

For the six-month ended 30 June 2018

Consolidated Profit & Loss of NPPG (THAILAND) PCL., Unit : Million Baht

	Quarter 2 Year 2018	Quarter 2 Year 2017	Change	%YoY
Revenue from sales and services	316.0	306.1	9.9	3.2%
Revenue from food and beverage sales	252.6	269.9	(17.3)	(6.4%)
Total	568.6	576.0	(7.4)	1.3%
Gross Profit	108.5	123.3	(14.8)	(12.0%)
Net Profit/(Loss) for the year	(95.4)	(97.0)	1.6	(1.6%)
Net Profit/(Loss) from the period attribute to equity holders of the Company	(82.6)	(85.4)	(2.8)	3.3%

## Revenue

Revenue from Sales quarter 2 year 2018 was 568.6 MB decreased by 7.4 MB or 1.3% 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 257.3 MB, an increase by 32.6 MB or 14.5% 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 44.8 MB, an decrease by 21.9 MB or 32.8% y-o-y mainly due to affect from increase in raw material cost of PET, including to selling price adjustment and its adjustment has difficulty; while this business segment is highly competitive in current economic conditions. Finally, the Company has sales growth slowed down in both existing customers and new customers.

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

**Sales of food and beverage** was 98.4 MB can be classified as follows:-

A&W Restaurant: revenue from sales was 94.2 MB, an decrease by 2.4 MB or 2.5% y-o-y as a result of competition in quick service restaurant.

Miyabi Grills: revenue from sales was 0.4 MB, an decrease by 32.8 MB or 98.8% y-o-y due to the Company has granted franchise business license under "Miyabi" trademark to a third party for managing 3 outlets since 1 September 2017 until 31 May 2018.

Mr.Jones' Orphanage: revenue from sales 1.1 MB, an decrease by 10.2 MB or 90.3% y-o-y. Due to this year, the Company has closed all three outlets during February 2018.

**Processed Food** : Revenue from sales was 154.2 MB, an increase by 28.4 MB or 22.5% y-o-y. Due to this quarter, the Company has growth shrimp frozen' s purchase order and the Company has additional income from contract manufacturing.

## Cost

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

Cost was 279.4 MB, an increase by 5.7 MB or 2.1% 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 180.8 MB, an increase by 1.8 MB or 0.0% y-o-y is in alignment with the growth sale trend of processed food business unit.

**Expenses**

**Selling expenses**

Selling expenses was 101.5 MB, an decreased by 37.2 MB or 26.8% y-o-y. Furthermore, the Company can manage and control the labor costs, utilities and electricity of restaurants business branch properly and efficiently.

**Finance cost**

Finance cost was 5.8 MB, an decreased by 1.8 MB or 24.2% y-o-y due to the subsidiary has decreased in loan principle with a bank.

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

Loss was 95.4 MB, an decreased by 1.6 MB or 1.6% y-o-y, due to the last year the Company had gain on temporary investment 7.0 MB, while the current year has loss on temporary investment 37.7 MB and the remaining decrease of 46.3 MB resulted of efficiency in management.

Please be informed accordingly

Your Sincerely,

(Mr. Nakkil Sung)

Managing Director