

NPPG.081/2018

12 November 2018

Subject Management's Discussion and Analysis for the quarter 3 year 2018

To The President  
The Stock Exchange of Thailand

**Management's Discussion and Analysis**  
**Consolidated Financial Results for the three-month and the nine-month Q3/2018**

For the three-month ended 30 September 2018

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

|   | Quarter 3<br>Year 2018 | Quarter 3<br>Year 2017 | %YoY    | Quarter 2<br>Year 2018 | %QoQ    |
|---|------------------------|------------------------|---------|------------------------|---------|
| Revenue from sales and services   | 155.3                  | 150.8                  | 3.0%    | 157.7                  | (1.5%)  |
| Revenue from food and beverage sales  | 132.2                  | 150.4                  | (12.1%) | 125.5                  | 6.9%    |
| Total   | 287.5                  | 301.2                  | (4.5%)  | 283.2                  | 2.2%    |
| Gross Profit  | 59.8                   | 64.1                   | (6.7%)  | 57.0                   | 4.9%    |
| Net Profit/(Loss) for the year  | (51.2)                 | (56.3)                 | 9.1%    | (47.7)                 | (7.3%)  |
| Net Profit/(Loss) from the period attribute<br>to equity holders of the Company | (39.0)                 | (53.0)                 | 26.4%   | (36.7)                 | (12.5%) |

For the nine-month ended 30 September 2018

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

|   | Quarter 3<br>Year 2018 | Quarter 3<br>Year 2017 | Change | %YoY    |
|---|------------------------|------------------------|--------|---------|
| Revenue from sales and services   | 471.3                  | 457.0                  | 14.3   | 3.1%    |
| Revenue from food and beverage sales  | 384.9                  | 420.3                  | (35.4) | (8.4%)  |
| Total   | 856.2                  | 877.3                  | (21.1) | (2.4%)  |
| Gross Profit  | 168.2                  | 187.4                  | (19.2) | (10.2%) |
| Net Profit/(Loss) for the year  | (146.7)                | (153.3)                | 6.6    | 4.3%    |
| Net Profit/(Loss) from the period attribute<br>to equity holders of the Company | (121.6)                | (138.4)                | 16.8   | 12.1%   |

## Revenue

Revenue from Sales quarter 3 year 2018 was 856.2 MB decreased by 21.1 MB or 2.4% 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 386.2 MB, increased by 42.5 MB or 12.4% y-o-y mainly due to increased sale with the existing customers and new customers expansion.

#### *PET bottle Segment*

Revenue from sales of PET bottle was 64.2 MB, decreased by 27.0 MB or 29.6% 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 149.2 MB can be classified as follows:-

*A&W Restaurant* : revenue from sales was 141.7 MB, decreased by 5.7 MB or 3.9% y-o-y as a result of competition in quick service restaurant.

*Miyabi Grills* : revenue from sales was 3.5 MB, decreased by 40.0 MB or 92.0% 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, decreased by 15.7 MB or 93.5% y-o-y. Due to this year, the Company has closed all three outlets during February 2018.

**Processed Food** : Revenue from sales was 235.6 MB, increased by 28.4 MB or 13.7% 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 415.9 MB, increased by 5.1 MB or 1.2% 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 272.1 MB, decreased by 7.0 MB or 2.5% y-o-y is in alignment with the decreased sales of food and beverage unit.

**Expenses**

**Selling expenses**

Selling expenses was 154.6 MB, decreased by 46.8 MB or 23.2% 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 8.4 MB, decreased by 1.1 MB or 11.6% y-o-y due to the subsidiary has decreased in loan principle with a bank.

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

Loss was 146.7 MB, decreased by 6.6 MB or 4.3% y-o-y, due to despite the last year the Company had loss on temporary investment 8.5 MB, while the current year has loss on temporary investment 48.1 MB. Nevertheless, the Company had efficiency operation 46.2 MB.

Please be informed accordingly

Your Sincerely,

(Mr. Nakkil Sung)

Managing Director