

NPPG.015/2019

February 26, 2019

Subject Management's Discussion and Analysis for the year 2018

Attention The President

The Stock Exchange of Thailand

**Management's Discussion and Analysis (MD&A)**  
**Consolidated Financial Results For The Year 2018**

For the year ended December 31<sup>st</sup>, 2018

Consolidated Profit & Loss of NPPG (THAILAND) PCL.,

Unit : Million Thai Baht (THB)

|                                                              | Y 2018  | Y 2017  | Change | %YoY  |
|--------------------------------------------------------------|---------|---------|--------|-------|
| Sales and services                                           | 629.5   | 621.1   | 8.4    | 1.4%  |
| Sales of food & beverage                                     | 533.1   | 491.9   | 41.2   | 8.4%  |
| Total Sales                                                  | 1,162.6 | 1,112.9 | 49.7   | 4.5%  |
| Gross Profit                                                 | 228.0   | 191.5   | 36.5   | 19.1% |
| Net Profit/(Loss) for the year                               | (278.9) | (465.5) | 186.6  | 40.1% |
| Net Profit/(Loss) attribute to equity holders of the Company | (280.9) | (367.7) | 86.8   | 23.6% |

**Sales**

2018 Sales was 1,162.6 Million THB, increased by 49.7 Million THB or 4.5% YoY summarized by business segment as follows:

**Sales of goods**

*Flexible Plastic Packaging Segment*

Sales of flexible plastic packaging was 515.7 Million THB, increased by 40.5 Million THB or 8.5% YoY mainly due to increased sale with the existing customers and new customers expansion.

*PET Bottle Packaging Segment*

Sales of PET bottle packaging was 84.3 Million THB, decreased by 32.3 Million THB or 27.7% YoY mainly due to an increase in PET's raw material cost, leading to higher production costs thus increase in selling price. And

since pricing in this industry is highly competitive, the company decided to reduce the segment's capacity and growth.

**Food & beverage:** Sales was 215.9 Million THB, classified as follows;

*A&W Restaurant:* sales was 192.2 Million THB, decreased by 4.8 Million THB or -2.4% YoY as a result of competition in quick service restaurant industry.

*Miyabi Grill:* sales was 8.5 Million THB, decreased by 35.4 Million THB or -80.6% YoY due to the fact that the company has endorsed a third party with franchising under "Miyabi" trademark to manage 3 outlets from September 1<sup>st</sup>, 2017 to May 31<sup>st</sup>, 2018.

*Mr.Jones' Orphanage:* sales was 1.1 Million THB, decreased by 19.9 Million THB or -94.8% YoY. The company decided to close all three outlets during February 2018.

*Kitchen Plus:* sales was 10.4 Million THB, increased by 10.4 Million THB or 100% YoY, the company's revenue recognition began in the fourth quarter of 2018.

**Processed food:** Sales was 326.8 Million THB , increased by 35.8 Million THB or 12.3% YoY. Due to an increase in frozen shrimp's purchase order with additional income from manufacturing ready meals which received great response from customers. The company also introduce a new production line, producing and exporting frozen freshwater fish fillet with considerable orders already in place and a tendency to grow.

### Cost

**Cost of goods** was 557.8 Million THB, increased by 6.6 Million THB or 1.2% YoY. As a result of expenses and cost of goods controlling policy according to following the company's Turnaround strategy.

**Cost of food & beverage** was 376.7 Million THB, increased by 19.2 Million THB or 5.6% YoY is in alignment with the acquisition of Kitchen Plus Restaurant.

### Expenses

**Administrative expenses** of 212.8 Million THB, a decrease of 119.7 Million THB or 36.0% YoY. Because in 2017, the company recognized loss from goodwill impairment of 124.8 Million THB, trademark impairment of 12.1 Million THB, leasehold impairment of 36.9 Million THB and also year 2018, the company recognized loss from impairment machine of 26 Million THB, Assets impairment of 32.9 Million THB.

Financial cost of 10.8 Million THB, decreased by 3.1 Million THB or 22.3% YoY since one of the company's subsidiary has managed to lessened the loan principal with a bank.

Net Profit/(Loss) for the year

Net Loss of 278.9 Million THB, Loss decreased by 187.1 Million THB or 40.1% YoY. In the previous year, the company recognized loss from goodwill impairment of 124.8 Million THB, trademark impairment of 12.1 Million THB, leasehold impairment of 36.9 Million THB.

Please be informed accordingly

Your Sincerely,

(Ms. Vachiraporn Aganapanya)

Chief Financial Officer