

Acc. 003/2019

May 13, 2019

To: The President
The Stock Exchange of Thailand

Subject: Management discussion and analysis (MD&A) for Quarter 1/2019

Dear Sir,

S. Khonkaen Foods Public Company Limited or "SORKON" and its subsidiaries ("the company") would like to clarify the operating results for Quarter 1/2019 as follows:

Revenue and Net Sales

The Company recorded its total revenue of Baht 696.6 million, or 5.4% increased from Q1/2018 in Baht 35.7 million of which Baht 688.3 million was revenue from sales. The Company had successfully recorded a sales growth of Baht 51.7 million, or 8.1% year-over-year (YoY). Please find the details of sales growth by business units as follows:

- Processed meat business (Traditional Thai Food, Snack and Frozen) recorded its revenue of Baht 354.5 million that 4.5 % increased from Q1/2018 or in Baht 15.3 million.
- Seafood business recorded its revenue of Baht 230.8 million that 2.2% increased from Q1/2018 or in Baht 5.1 million.
- QSR business recorded its revenue of Baht 36.1 million that 15.8% increased from Q1/2018 or in Baht 4.9 million because of additional delivery channel to target customers.
- Swine farm business recorded its revenue of Baht 66.8 million, increasing of Baht 26.5 million from Q1/2018 due to raising of price of fattening pig.

Gross Profit Margin

Gross Profit Margin (GPM) in Quarter 1/2019 was Baht 190.5 million, which decreased from Q1/2018 by Baht 5.1 million, or 2.8% YoY. Moreover, GPM rate decreased from 29.1% to 27.7%. Details of GPM by business units are as follows:

- Processed meat business (Traditional Thai Food, Snack and Frozen) recorded its GPM of Baht 98.6 million that 17.9% decreased from Q1/2018 or by Baht 21.6 million mainly due to increasing of pork price from Q1/2018 about 50%.
- Seafood business recorded its GPM of Baht 63.7 million that 5.1% increased from Q1/2018 or by Baht 3.1 million mainly due to effectiveness in raw material and production cost management.
- QSR business recorded its GPM of Baht 20.0 million that 16.7% increased from Q1/2018 or by Baht 2.9 million due to revenue growth.
- Swine farm business recorded its GPM of Baht 8.2 million increased of Baht 20.7 million from Q1/2018 due to decreasing of fattening pig price.

Selling and Administration Expenses

Selling and administration expenses in Quarter 1/2019 increased by Baht 14.5 million or 11.3% due to annual merit increase and revenue growth.

Other Transaction

There was Baht 2.4 million gain from fair value of swine farm in Quarter 1/2019, and Baht 2.4 million and Baht 3.9 million from new office building revenue and expenses.

Financial Cost

Financial cost in Quarter 1/2019 in Baht 8.0 million that decreased by Baht 2.1 million or 20.8% from Q1/2018 as the company repay loan from bank in Year 2018.

Net Profit

For the Quarter 1/2019, the company recorded net profit attributed to equity holders of the company of Baht 37.1 million compared with Baht 50.8 million in Q1/2018, decreased by Baht 13.7 million or 27.0% YoY.

Financial Position

Asset

As of 31 March 2019, the company reported total Asset of Baht 2,437.7 million, increased from Baht 2,405.7 million by the year-end 2018, or increased by Baht 32.0 million or 1.4%, as there was reserved cash for promissory note due and increasing raw material stock for Q2/2019.

Liabilities

As of 31 March 2019, the company reported total Liabilities of Baht 1,342.4 million, decreased from Baht 1,347.5 million by the year-end 2018 or decreased by Baht 5.2 million or 0.4%.

Equities

As of 31 March 2019, the company reported total Equities of Baht 1,095.3 million, increased from Baht 1,058.2 million by the year-end 2018, or increased by Baht 37.1 million or 3.5%.

Respectfully Yours,

(Mr. Charoen Rujirasopon, Mr. Jarunpoj Rujirasopon)

Authorized Directors