

- Translation -

14 August 2019

Subject: Management's Discussion and Analysis for the Operating Results of the Second Quarter of 2019

Attention: The President of the Stock Exchange of Thailand

Exotic Food Public Company Limited (the "Company") would like to submit the financial statements for the second quarter ended June 30th, 2019, which have been reviewed by the independent auditor. The Company's net profit decreased by 67.76% or equal to Baht 13.91 million as compared to the same quarter of 2018 which was recorded at Baht 43.14 million. For 1H19, the Company recorded the net profit of Baht 81.58 million which decreased by 8.51% compared to the 1H18's net profit which was Baht 89.17 million. The clarification, along with a summary of the Company's operating results is shown in the table below:

Income Statement (million Baht)	2Q18	1Q19	2Q19	% YoY	% QoQ	1H18	1H19	% YoY
Revenue from sale of goods	263.47	302.22	210.14	-20.24%	-30.47%	531.63	512.36	-3.62%
Cost of sale of goods	(164.79)	(180.81)	(142.60)	-13.47%	-21.13%	(337.18)	(323.41)	-4.08%
Gross profit	98.68	121.41	67.54	-31.56%	-44.37%	194.45	188.95	-2.83%
Selling expenses	(21.34)	(18.25)	(17.99)	-15.70%	-1.42%	(37.86)	(36.24)	-4.28%
Administrative expenses	(32.08)	(32.29)	(35.84)	11.72%	10.99%	(61.47)	(68.13)	10.83%
Operating profit	45.26	70.87	13.71	-69.71%	-80.65%	95.12	84.58	-11.08%
Investment income	0.18	0.40	0.72	300.00%	80.00%	0.18	1.12	522.22%
Net foreign exchange gain/(loss)	1.30	(0.35)	(0.16)	-112.31%	-54.29%	0.50	(0.51)	-202.00%
Other income	0.46	0.53	0.49	6.52%	-7.55%	1.27	1.02	-19.69%
Earnings before Interest and taxes	47.20	71.45	14.76	-68.73%	-79.34%	97.07	86.21	-11.19%
Financial expense	(0.62)	(0.50)	(0.61)	-1.61%	22.00%	(1.22)	(1.11)	-9.02%
Profit before income tax expense	46.58	70.95	14.15	-69.62%	-80.06%	95.85	85.10	-11.22%
Income tax expense	(3.44)	(3.28)	(0.24)	-93.02%	-92.68%	(6.68)	(3.52)	-47.31%
Profit for the period	43.14	67.67	13.91	-67.76%	-79.44%	89.17	81.58	-8.51%

Revenue from Sales

In 2Q19, the Company's total revenue from sales was Baht 210.14 million, which decreased by Baht 53.33 million or 20.24% when compared with the same period in 2018. Such decrease in the revenue from sales was mainly due to a decrease in sales volume of seasoning and dipping sauce in Europe, along with unexpected problem that occurred in the production process.

The total revenue from sales in 1H19 was recorded at Baht 512.36 million which resulted in a decrease of Baht 19.27 million or 3.62%. The decrease in revenue stemmed from a decrease in sales volume of seasoning and dipping sauce in Europe.

	2Q18	1Q19	2Q19	%YoY	%QoQ	1H18	1H19	%YoY
Sales volume (Ton)								
- Euro	396	382	333	-15.91%	-12.83%	1,019	715	-29.83%
- United States dollar	1,033	622	524	-49.27%	-15.76%	1,960	1,146	-41.53%
- Thailand baht	1,996	2,740	2,033	1.85%	-25.80%	4,212	4,773	13.32%
Total sales volume (Ton)	3,425	3,744	2,890	-15.62%	-22.81%	7,191	6,634	-7.75%
Average FX								
- THB/EUR	37.61	35.51	35.08	-6.73%	-1.21%	37.99	35.30	-7.08%
- THB/USD	31.73	31.41	31.38	-1.10%	-0.10%	31.53	31.40	-0.41%

Cost of Sales

Cost of sales in 2Q19 was Baht 142.60 million which decreased by Baht 22.19 million or 13.47% as compared to the same period in 2018. Cost of sales in 2Q19 also decreased by Baht 38.21 million or 21.13% when compared with the cost of sales in 1Q19. Such decrease was in line with a decrease in sales volume.

In 1H19, the Company recorded the cost of sales in the amount of Baht 323.41 million which decreased by Baht 13.77 million or 4.08% from the same period of last year. Such decrease was in line with a decrease in sales volume.

Gross Profit Margin

Gross profit margin was 32.14% in 2Q19, which declined from the same period of last year including 1Q19. This is because the customers' purchase order had declined, and as a result, the overall utilization rate was lowered, and consequently the production cost per unit has increased.

In 1H19, the Company's gross profit margin was 36.88%, which slightly increased from 1H18 (at 36.58%). Such increase in gross profit margin was mainly attributed to a decrease in sugar and garlic prices and an increase in selling price since the 3rd quarter of 2018.

Selling Expenses

Selling expenses in 2Q19 were Baht 17.99 million which decreased by Baht 3.35 million or 15.70% as compared to the same period in 2018. Selling expenses in 2Q19 also decreased by Baht 0.26 million or 1.42% when compared with previous quarter (1Q19). Such decrease was in line with a decrease in sales volume.

In 1H19, the Company had selling expenses in the amount of Baht 36.24 million which decreased by Baht 1.62 million or 4.28% when compared with 1H18. Such decrease stemmed from a decrease in sales volume.

Administrative Expenses

Administrative expenses in 2Q19 were Baht 35.84 million – an increase of Baht 3.76 million or 11.72% as compared to the same quarter of last year. The main reasons was an increase in a reclassification of fixed costs at the new factory which incurred as a result of lower-than-normal production capacity and depreciation expenses. Compared with the administrative expenses in 1Q19, an increase of Baht 3.55 million or 10.99% is observed, and this is mainly due to an increase in the reclassification of fixed costs at the new factory which incurred as a result of lower-than-normal production capacity and service expenses.

In 1H19, administrative expenses were Bath 68.13 million, an increase of Baht 6.66 million or 10.83% as compared to 1H18. Such increase was due to an increase in staff costs, reclassification of fixed costs at the new factory which incurred as a result of lower-than-normal production capacity and depreciation expenses.

Net Profit

The Company's net profit in 2Q19 was Baht 13.91 million – a decrease of 67.76% when compared with that in 2Q18. Comparing with the net profit in 1Q19, net profit decreased by Baht 53.76 million or 79.44%. This decrease was mainly due to a decrease in revenue from sales and gross profit margin, along with an increase in administrative expenses.

In 1H19, the Company's net profit was Baht 81.58 million, a decrease of 8.51% when compared with that of 1H18. Such decrease was mainly due to a decrease in revenue from sales and an increase in administrative expenses.

Please be informed accordingly.

Sincerely yours,

-Signed-

(Ms.Vasana Jantarach)

Deputy Managing Director