

NPPG.050/2562

August 14<sup>th</sup>, 2019

Subject Management's analysis for the 2<sup>nd</sup> quarter of 2019

Attn. The President

The Stock Exchange of Thailand

Management's analysis

For 3 months period & For 6 months period Performance for the 2<sup>nd</sup> quarter of 2019

For 3 months period ended of June 30<sup>th</sup>, 2019

Consolidated Profit & Loss of NPPG (Thailand) Company Limited

Unit: Million Baht

	Q2/2019	Q2/2018	%YoY	Q1/2019	%QoQ
Revenues from Sale and Services	141.9	157.7	(10.0%)	147.0	(3.5%)
Revenues from Sale of Food & Beverage	157.6	124.5	26.6%	132.4	19.0%
Total revenue	299.5	282.2	6.1%	279.4	7.2%
Gross Profit	68.0	56.6	20.1%	63.3	7.4%
Profit (Loss) from the operation	3.3	(26.0)	112.7%	(26.4)	112.5%
Gain (Loss) from temporary investment	(6.3)	(21.7)	71.0%	1.5	(520%)
Profit (Loss) for the period	(3.0)	(47.7)	93.7%	(24.9)	88.0%
Shareholder's Profit (Loss)	(3.6)	(36.7)	90.2%	(24.8)	85.5%

For 6 months period ended of June 30<sup>th</sup>, 2019

Consolidated Profit & Loss of NPPG (Thailand) Company Limited

Unit: Million Baht

	Q2/2019	Q2/2018	Δ	%YoY
Revenues from Sale and Services	288.9	316.0	(27.1)	(8.6%)
Revenues from Sale of Food & Beverage	290.0	250.5	39.5	15.8%
Total revenue	578.9	566.5	12.4	2.2%
Gross Profit	131.4	107.6	23.8	22.1%
Profit (Loss) from the operation	(23.1)	(57.8)	34.7	60.0%
Gain (Loss) from temporary investment	(4.8)	(37.6)	32.8	87.2%
Profit(Loss) for the period	(27.9)	(95.4)	67.5	70.8%
Shareholder's Profit(Loss)	(28.4)	(82.6)	54.2	65.6%

**Profit (Loss) from the operation for the period**

Excluding Profit(Loss) from temporary investment

Unit: Million Baht

	Q2/2019	Q2/2018	Δ	%YoY
Profit (Loss) from the operation for the period				
3 Months	3.3	(26.0)	29.3	112.7%
6 Months	(23.1)	(57.8)	34.7	59.9%

Overall, The Management gives priority to the net profit by increasing revenue from all products and sales channels, effective cost and expense management. As a result, the Company is able to make an operating profit of 3.3 million Baht (April – June 2019).

The Management will continue to focus on sales and cost to generate sustainable profit and to satisfy our shareholders as in the Company's Turnaround roadmap.

We are able to provide details as follow.

**Revenue**

Sales revenue for the first half of 2019 amounts to Baht 578.9 Million, Increased by 12.4 Million Baht or 2.2% compared to the previous year.

**Revenues from Sale of Goods and Rendering of Services**

*Flexible Packaging Unit:*

Revenue amounts to 242.8 Million Baht, decreased by 14.5 Million Baht or 5.6% compared to the previous year as the Company has improved customer portfolio by focus more on high margin SKUs which results in better net Profit.

*PET Bottle Unit:*

Revenue amounts to 30.1 Million Baht, decreased by 14.7 Million Baht or 32.8% compared to the previous year due to the Company's strategy in selecting the customer with gross margin.

*Vacuum Forming:*

Revenue amounts to 55.8 Million Baht, decreased by 18.2 Million Baht or 25% compared to the previous year as this year has new strategy to move away from plastic to biodegradable.

**Revenues from Sale of Food & Beverage**

*Food & Beverage Unit:*

Revenue amounts to 105.5 Million Baht, categorized by brand as follows;

*A&W restaurant:*

Revenue amounts to 83.7 Million Baht, decreased by 10.6 Million Baht or 11.2% compared to the previous year due to comply with the policy to reduction of unprofitable stores.

*Kitchen Plus restaurant:*

Revenue amounts to 20.2 Million Baht, increased by 20.2 Million Baht or 100.0% compared to the previous year as revenue recognition began in the 4th quarter of 2018.

*Processed Food Unit:*

Revenue amounts to 184.5 Million Baht, increased by 30.3 Million Baht or 19.6% compared to the previous year due to higher order volume in frozen shrimp and fish and frozen ready meals. The Unit's new production line began operating since May, 2018. The Company has also provided more variety of products (ready to eat) and distributed to a large convenience store chain.

**Costs**

**Cost of Goods and Services**

Costs of goods and services amounts to 247.0 Million Baht, decreased by 32.4 Million Baht or 11.6% compared to the previous year as the Company was able to manage raw material and labor cost more efficiently, resulting in higher gross margin.

**Cost of Food & Beverage**

Costs of food and beverage amounts to 200.6 Million Baht, increased by 21.1 Million Baht or 11.8% compared to the previous year due to sales growth in the unit. As for processed food, production re-evaluation leads to better raw material cost, packing cost and yield management.

Expenses

**Sales Expense**

Sales expenses amounts to 97.8 Million Baht, increased by 2.6 Million Baht or 2.7% compared to the previous year due to the addition of Kitchen Plus brand which began in the 4th quarter of 2018.

**Administrative Expense**

Administrative expenses amounts to 76.7 Million Baht, increased by 10.4 Million Baht or 15.7% compared to the previous year due to the addition of Kitchen Plus brand which began in the 4th quarter of 2018 and termination of unprofitable restaurant outlets with one time write-off expenses.

**Financial Expense**

Financial expenses amounts to 3.8 Million Baht, decreased by 2.0 Million Baht or 34.5% compared to the previous year due to reduce of loan to a subsidiary.

**Profit (Loss) for the period**

Unit: Million Baht

	Year 2019	Year 2018	$\Delta$	%YoY
Profit (Loss) from the operation				
Quarter 1	(26.4)	(31.8)	5.4	73.6%
Quarter 2	3.3	(26.0)	29.3	112.7%
Total 6 months	(23.1)	(57.8)	34.7	60.0%
Gain (Loss) from temporary investment	(4.8)	(37.6)	32.8	87.2%
Profit (Loss) for the 6 months period	(27.9)	(95.4)	67.5	70.7%

Please be informed accordingly

Yours Faithfully

(Mr. Chirdsak Kukiattinun)

Executive Chairman