

November 12<sup>th</sup>, 2019

The President

The Stock Exchange of Thailand

Re: Management Discussion and Analysis on 3Q19 and 9M19 performance

## 1. Financial performance of Berli Jucker Public Company Limited for 3Q19 and 9M19

### Revenues

BJC's consolidated total revenue for 3Q19 reached THB 42,722 million, representing a decrease of THB 24 million or -0.1% over the same period last year. This decrease was mainly driven by the consolidated sales and service revenue reaching THB 38,620 million, a decrease of THB 203 million or -0.5% over the same period last year, driven by decreasing sales of Modern Retail Supply Chain. Whilst the consolidated other income reaching THB 4,070 million, an increase of THB 147 million or 3.7% over the same period last year, mainly driven by other income growth from Modern Retail Supply Chain.

BJC's consolidated total revenue for 9M19 reached THB 129,498 million, representing an increase of THB 2,717 million or 2.1% over the same period last year. This increase was driven by growth in Consumer, Healthcare and Technical, and Modern Retail Supply Chains.

### Expenses

BJC's consolidated total expenses for 3Q19 amounted to THB 40,473 million, a decrease of THB 240 million or -0.6% over the same period last year. This decrease was mainly due to (1) decreased cost of goods sold expenses due to lower sales, (2) decreased SG&A expenses mainly due to good cost control at Consumer Supply Chain, reversal of property tax provision, and lower variable costs due to lower sales at the Modern Retail Supply Chain.

BJC's consolidated total expenses for 9M19 amounted to THB 123,357 million, an increase of THB 2,949 million or 2.4% over the same period last year mainly due to (1) increased cost of goods sold expenses due to increased sales, (2) increased SG&A expenses mainly due to increased personnel and utility expenses at the Modern Retail Supply Chain, (3) increased interest expense, (4) the one-time non-cash impact from the expenses relating to amendment of the post-employment benefit plans of 306 million baht booked in 2Q19.

### Net Profit Attributable to Equity Holders

BJC's consolidated net profit attributable to the equity holders of the Company for 3Q19 reached THB 1,774 million, an increase of THB 91 million or 5.4% over the same period last year, driven by growing sales in Consumer, and Healthcare and Technical Supply Chains, and increased profitability.

BJC's consolidated net profit attributable to the equity holders of the Company for 9M19 reached THB 4,805 million, an increase of THB 281 million or 6.2% over the same period last year driven by Consumer, and Healthcare and Technical supply chains, and lower effective tax rate. If we remove the non-cash impact from the change in employee benefit obligation provision of 237 million baht after tax in 2Q19, and the gain on disposal of investment in subsidiary in the amount of THB 191 million in 1Q18, the recurring net profit available for the equity holders of the Company for 9M19 reached THB 5,042 million, an increase of THB 709 million or 16.4% over the same period last year.

## Key Highlights of 3Q19 and 9M19

Unit: Million THB	3Q19	3Q18	%YoY	9M19	9M18	%YoY
Packaging Supply Chain	5,064	5,040	0.5	14,949	15,242	(1.9)
Consumer Supply Chain	4,470	4,342	3.0	13,931	13,117	6.2
Healthcare and Technical Supply Chain	2,239	2,022	10.8	6,317	5,819	8.6
Modern Retail Supply Chain	27,274	27,655	(1.4)	83,311	81,315	2.5
Others	(427)	(236)	81.4	(1,063)	(577)	84.7
<b>Sales &amp; Services</b>	<b>38,620</b>	<b>38,823</b>	<b>(0.5)</b>	<b>117,445</b>	<b>114,916</b>	<b>2.2</b>
Other income	4,070	3,923	3.7	12,042	11,854	1.6
Gain from foreign exchange	32	-	100.0	11	11	(3.7)
<b>Total revenues</b>	<b>42,722</b>	<b>42,746</b>	<b>(0.1)</b>	<b>129,498</b>	<b>126,781</b>	<b>2.1</b>
Cost of goods sold	31,222	31,414	(0.6)	94,684	93,176	1.6
<b>Gross profit</b>	<b>7,398</b>	<b>7,409</b>	<b>(0.1)</b>	<b>22,761</b>	<b>21,740</b>	<b>4.7</b>
Selling expenses	6,739	6,892	(2.2)	20,982	20,155	4.1
Administrative expenses	1,256	1,204	4.3	3,686	3,569	3.3
Expenses from adjustment of employee benefit obligation	-	-	-	306	-	100.0
Loss from foreign exchange	-	11	(100.0)	-	-	-
Share of profits (loss) from investments	(44)	(39)	13.7	(119)	(120)	(1.6)
<b>Earnings before interest and tax</b>	<b>3,461</b>	<b>3,186</b>	<b>8.6</b>	<b>9,721</b>	<b>9,761</b>	<b>(0.4)</b>
<b>(Recurring earnings before interest and tax)<sup>1</sup></b>	<b>3,461</b>	<b>3,186</b>	<b>8.6</b>	<b>10,027</b>	<b>9,570</b>	<b>4.8</b>
Interest expense	1,256	1,193	5.3	3,699	3,508	5.4
<b>Earnings before tax</b>	<b>2,205</b>	<b>1,993</b>	<b>10.6</b>	<b>6,022</b>	<b>6,253</b>	<b>(3.7)</b>
Tax	317	195	62.4	819	1,235	(33.7)
<b>Net profit</b>	<b>1,888</b>	<b>1,798</b>	<b>5.0</b>	<b>5,203</b>	<b>5,018</b>	<b>3.7</b>
Attributable to:						
Minority interests	114	115	(1.2)	398	494	(19.4)
<b>Equity holders of the Company</b>	<b>1,774</b>	<b>1,683</b>	<b>5.4</b>	<b>4,805</b>	<b>4,524</b>	<b>6.2</b>
One-time items after tax:						
Gain on disposal of investment in subsidiary	-	-	-	-	191	(100.0)
Expenses from adjustment of employee benefit obligation	-	-	-	237	-	100.0
<b>Equity holder of the Company (Excluded one-time items)</b>	<b>1,774</b>	<b>1,683</b>	<b>5.4</b>	<b>5,042</b>	<b>4,333</b>	<b>16.4</b>
<i>Net profit margin (%)<sup>*1</sup></i>	4.6	4.3	0.3	4.3	3.8	0.5

Key Financial Ratios	3Q19	3Q18	Change	9M19	9M18	Change
Gross profit as % to sales*	19.2%	19.1%	+7 bps	19.4%	18.9%	+46 bps
SG&A as % to sales*	20.7%	20.9%	-15 bps	21.0%	20.6%	+36 bps
Recurring EBIT margin as % to sales* <sup>1</sup>	9.0%	8.2%	+76 bps	8.5%	8.3%	+21 bps
Recurring Net Profit margin (attributable to equity holders of the Company) as % to sales* <sup>1</sup>	4.6%	4.3%	+26 bps	4.3%	3.8%	+52 bps
Net debt to equity (times)	1.3	1.4	-5 bps	1.3	1.4	-5 bps

\* As percentage to sales excluding other income

<sup>1</sup> Excluding THB 306 million (THB 237 million after tax and minority interest expense) expenses relating to amendment of the post-employment benefit plans in 2Q19, and THB 191 million one-time after-tax gain on disposal of investment in subsidiary in 1Q18.

## 2. Financial performance summary by supply chain

### Packaging Supply Chain

Unit: Million THB	3Q19	3Q18	Change	9M19	9M18	Change
Sales	5,064	5,040	+0.5%	14,949	15,242	-1.9%
Net profit	401	441	-9.1%	1,362	1,416	-3.8%
Recurring net profit <sup>1</sup>	401	441	-9.1%	1,422	1,416	+0.4%
% Recurring net profit margin <sup>1</sup>	7.9%	8.7%	-83 bps	9.5%	9.3%	+22 bps

<sup>1</sup> Excluding the expenses relating to amendment of the post-employment benefit plans of THB 60 million after tax and minority interest.

### Performance in 3Q19

In 3Q19, Packaging Supply Chain reported sales of THB 5,064 million, an increase of THB 24 million or 0.5% over the same period last year. This was driven by solid growth of glass packaging businesses.

Packaging Supply Chain's gross profit margin decreased to 18.2% in 3Q19 from 20.8% in 3Q18 due to declining gross profit margin in both Glass and Aluminum Packaging business, and EBIT margin decreased to 12.6% in 3Q19 from 14.3% in 3Q18 due to a lower gross profit margin.

Net profit attributable to the equity holders of the Company reached THB 401 million, a decrease of THB 40 million or -9.1% over the same period last year. This was driven by declining gross profit margin, and the share of loss from Malaysian Glass packaging business increasing due to delayed furnace reopening causing increased logistics expenses. The furnace was reopened in late October.

### Glass Packaging Business

In 3Q19, glass packaging business reported sales of THB 3,005 million, an increase of 5.1% over the same period last year, and contributed approximately 59.0% of total Packaging Supply Chain sales. This increase was driven by strong sales in non-alcoholic beverage and food segments. Net profit attributable to the equity holders of the Company in 3Q19 decreased over the same period last year driven by declining gross profit margin due to increasing sales from lower margin product categories.

### Aluminum Can Business

In 3Q19, aluminum can business reported sales of THB 2,059 million, a decrease of -5.6% over the same period last year. This decline was mainly driven by lower than expected energy drink packaging sales. Aluminum can business contributed approximately 41.0% of total Packaging Supply Chain sales. Net profit attributable to the equity holders of the Company in 3Q19 decreased over the same period last year driven by declining gross profit margin due to the lower economies of scale for the new can sizes and the geographical sales mix change.

## Consumer Supply Chain

Unit: Million THB	3Q19	3Q18	Change	9M19	9M18	Change
Sales	4,470	4,342	+3.0%	13,931	13,117	+6.2%
Net profit	272	219	+24.3%	827	707	+16.9%
Recurring net profit <sup>1</sup>	272	219	+24.3%	867	707	+22.5%
% Recurring net profit margin <sup>1</sup>	6.1%	5.0%	+104 bps	6.2%	5.4%	+83 bps

<sup>1</sup> Excluding the expenses relating to amendment of the post-employment benefit plans of THB 40 million after tax and minority interest.

### Performance in 3Q19

In 3Q19, Consumer Supply Chain reported sales of THB 4,470 million, an increase of THB 128 million or 3.0% over the same period last year. This increase was driven by increased sales in Food, Non-Food, and Logistic business segments.

Consumer Supply Chain's gross profit margin increased to 20.9% in 3Q19 from 20.3% in 3Q18 due to lower raw material prices of palm oil, crude coconut oil, and pulp whilst EBIT margin increased to 7.9% in 3Q19 from 7.2% in 3Q18 due to the improved gross profit margin and good cost control.

Net profit attributable to the equity holders of the Company in 3Q19 reached THB 272 million, an increase of THB 53 million or 24.3% over the same period last year. The net profit increase was driven by higher sales and improved profitability.

### Foods Group

In 3Q19, Foods Group reported sales of THB 1,380 million, an increase of 8.7% over the same period last year, and contributed approximately 31.0% of total Consumer Supply Chain sales. The sales growth was mainly driven by higher sales in snack segment especially in Tasto potato chip category. Net profit attributable to the equity holders of the Company in 3Q19 increased over the same period last year due to sales growth, and improved profitability.

### Non-Foods Group

In 3Q19, Non-Foods Group reported sales of THB 1,739 million, an increase of 2.7% over the same period last year, and contributed approximately 39.0% of total Consumer Supply Chain sales. The sales growth was due to increased sales in both tissue and personal care categories. Net profit attributable to the equity holders of the Company in 3Q19 increased over the same period last year due to higher sales.

### International Trading

In 3Q19, International Trading reported sales of THB 933 million, a decrease of -12.4% over the same period last year, and contributed approximately 21.0% of total Consumer Supply Chain sales. The sales decline was driven by an exchange rate adjustment recorded in Q3 for 9M 2019 due to strengthening Thai Bath (in local currency terms international trading sales increased from the same period last year). This led to net profit attributable to the equity holders of the Company to decline in 3Q19 over the same period last year.

## Healthcare & Technical Supply Chain

Unit: Million THB	3Q19	3Q18	Change	9M19	9M18	Change
Sales	2,239	2,022	+10.8%	6,317	5,819	+8.6%
Net profit	175	194	-10.2%	568	525	+8.2%
Recurring net profit <sup>1</sup>	175	194	-10.2%	584	525	+11.2%
% Recurring net profit margin <sup>1</sup>	7.8%	9.6%	-182 bps	9.2%	9.0%	+22 bps

<sup>1</sup> Excluding the expenses relating to amendment of the post-employment benefit plans of THB 16 million after tax and minority interest.

### Performance in 3Q19

In 3Q19, Healthcare and Technical Supply Chain reported sales of THB 2,239 million, an increase of THB 218 million or 10.8% over the same period last year. The sales increase was mainly driven by growing sales in both Healthcare, and Technical supply chains.

Healthcare and Technical Supply Chain's gross profit margin decreased to 28.2% in 3Q19 from 32.1% in 3Q18, whilst EBIT margin decreased to 10.3% in 3Q19 from 12.2% in 3Q18 due to increasing sales from lower margin projects.

Net profit attributable to the equity holders of the Company in 3Q19 reached THB 175 million, a decrease of THB 20 million or 10.2% over the same period last year due to the abovementioned reasons.

## Modern Retail Supply Chain

Unit: Million THB	3Q19	3Q18	Change	9M19	9M18	Change
Total Revenues	31,247	31,446	-0.6%	95,016	92,548	+2.7%
Net profit	1,830	1,784	+2.6%	4,680	4,693	-0.3%
Recurring net profit <sup>1</sup>	1,830	1,784	+2.6%	4,782	4,693	+1.9%
% Recurring net profit margin <sup>1</sup>	6.7%	6.4%	+26 bps	5.7%	5.8%	-3 bps

<sup>1</sup> Excluding the expenses relating to amendment of the post-employment benefit plans of THB 102 million after tax and minority interest.

### Performance in 3Q19

In 3Q19, Modern Supply Chain reported total revenue of THB 31,247 million, a decrease of THB 199 million or -0.6% over the same period last year. This was driven by a retail sales reaching THB 27,274 million, a decrease of THB 381 million or -1.4% from the same period last year, driven by negative same-store-sales growth which slowed down to -4.9% year-on-year for the quarter (excluding B2B sales same-store-sales growth for the quarter was -5.5%). Whilst the other income, including rental income and other income, reached THB 3,973 million, an increase of THB 182 million or 4.8% over the same period last year.

Modern Supply Chain's gross profit margin increased to 17.1% in 3Q19 from 16.8% in 3Q18 mainly due to margin improvements in most of the divisions, and lower logistic costs. Whilst EBIT margin increased to 8.5% in 3Q19 from 7.4% in 3Q18, due to decreasing SG&A expenses mainly driven by reversal of property tax provision, and declining variable costs.

Net profit attributable to the equity holders of the Company in 3Q19 reached THB 1,830 million, an increase of THB 46 million or 2.6% over the same period last year driven by abovementioned reasons.

Modern Retail Supply Chain ramped up its small store format expansion and opened 1 hypermarket in Khon Kaen, 1 Big C Food Place in Samyan Mitrtown Bangkok, 61 Mini Big C stores (closed 9 stores), and 3 Pure drugstores during the quarter. The total number of our stores at the end of September 2019 reached to 148 large format stores (Big C Supercenter, Extra, and Jumbo), 62 supermarkets (Big C Market and Big C Food Place), 887 Mini Big C (including 65 franchise stores), and 143 Pure drugstores.

Please be informed accordingly.

Yours faithfully,

Berli Jucker Public Company Limited

Thirasakdi Nathikanchanalab  
Director

Aswin Techajareonvikul  
Director