

February 18, 2019

President Bakery Public Company Limited would like to submit the report of Management Discussion and Analysis for the year ended 31 December 2018 which has been audited by the auditor. The financial statement of the Company, as shown by equity method, records changes in the operating results from the previous year. The Company would like to clarify such significant changes as below,

### Performance of the Company

(Unit: Million Baht)

	2018	%	2017	%	Increase (Decrease)	% +/( - )
Sales	7,495.57	98.96	7,448.96	99.06	46.61	0.63
Total revenues	7,574.57	100	7,519.29	100	55.28	0.74
Cost of Sales	4,294.41	57.29	4,348.27	58.37	(53.86)	(1.24)
Gross Profit	3,201.16	42.71	3,100.69	41.63	100.47	3.24
Selling and Administrative expenses	1,677.37	22.14	1,685.57	22.42	(8.2)	(0.49)
Profit for the period	1,431.35	18.90	1,335.54	17.76	95.81	7.17
Earnings per share (Baht)	3.18		2.97		0.21	7.07

Remark: Percentage in Statement of comprehensive income derived from total revenues, while percentage of cost of sales and gross profit from sales

#### 1. Operating Results

##### 1.1 Sale Revenue

The Company recorded total sales revenue of Baht 7,495.57 million and Baht 7,448.96 million in 2018 and 2017 respectively, increasing by Baht 46.61 million or by 0.63% from the previous year, due to the rise in prices of some major products in Quarter 4/2018.

##### 1.2 Cost of Sales

The cost of sales of the Company in 2018 stood at Baht 4,294.41 million, or decreasing by 1.24% from the previous year, due to the Company has managed cost control efficiently. Expense for production increased because of full year depreciation and due to price of natural gas increased from the same period last year. As a result, the gross profit margin of the Company stood at 42.71%, increasing from 41.63% in a year earlier.

### 1.3 Selling and Administrative Expenses

The selling and administrative expenses in 2018 amounted to Baht 1,677.37 million, accounting for 22.14% of total income, decreasing by 0.49% from the previous year. The expense decreased due to resulting from advertising and promotion expenses.

### 1.4 Profit for the period

The Company recorded the net profit of Baht 1,431.35 million, or increasing by 7.17% from the previous year. The Company maintained the net profit ratio at 18.90% of total income. Share of income from investment in joint venture at amount of Baht 5.21 million in 2018.

### Financial Position of the Company

(Unit: million Baht)

	December 31, 2018	%	December 31, 2017	%	Increase (Decrease)	% +/( - )
Total Assets	8,690.27	100	7,997.33	100	692.94	8.66
Total Liabilities	1,269.13	14.60	1,289.67	16.13	(20.54)	(1.59)
Shareholders' Equity	7,421.14	85.40	6,707.65	83.87	713.49	10.64
Total Liabilities and Shareholders' Equity	8,690.27	100	7,997.33	100	692.94	8.66

## 2. Financial Position

### 2.1 Assets

The total assets of the Company as of December 31, 2018 amounted to Baht 8,690.27 million, increasing by Baht 692.94 million from December 31, 2017. Main asset of the Company comprised of current assets by 40.99% of total assets. The increase in current assets, resulted from increasing short-term investments by Baht 1,127.14 million. The Company brought cash from operations and return on private funds to invest in short term investments, and non-current assets by 59.01% of total assets, the majority consists of land, building and equipment 49.33% and long-term investments 7.43%, the long term investments decreased because some securities have maturity of less than 1 year, therefore they are reclassified as short-term investments.

Trade and other receivables of the Company was at 10.89% of total assets, increasing by Baht 52.63 million from December 31, 2017, as a result from the other account receivable of selling security from private funds during settlement period. However most of trade receivables of the Company, resulting from Modern Trade and large distributors, were paid on schedule, and the amount of long-time trade receivables of the Company was lower

## 2.2 Liabilities

The liabilities of the Company as of December 31, 2018 totaled to Baht 1,269.13 million, accounting for 14.60% of total Liabilities and Shareholders' Equity and decreasing by 1.59% from December 31, 2017. As a result, the debt to equity ratio of the Company was at 0.17, lower from 0.19 as of December 31, 2017.

## 2.3 Shareholders' Equity

The shareholders' equity of the Company as of December 31, 2018 stood at Baht 7,421.14 million, accounting for 85.40% of the total of Liabilities and Shareholders' Equity. The shareholders' equity increased by Baht 713.49 million from December 31, 2017 as a result of net profit of Baht 1,431.35 million and dividend payment of Baht 693 million. As a result, the book value of the Company stood at 16.49 Baht per share, increasing from 14.91 Baht per share in 2017.

## 3. Liquidity Position

The net cash flow from operating activities of the Company in 2018 amounted to Baht 1,952.79 million, increasing by Baht 171.25 million or by 9.61% from the previous year.

The net cash flow from investing activities totaled to Baht 1,423.42 million, increasing by Baht 601.18 million. Resulted from higher short-term and long-term investment.

The Company recorded cash and cash equivalents of Baht 458.54 million as of December 31, 2018, decreasing by Baht 226.54 million as a result of higher short-term and long-term investments from the last year.

As at 31 December 2018, the Company maintained the current ratio at 3.37 and average day sales at 1 day. In addition, the average days of debt collection stood at 44 days, and the average days of debt repayment was at 70 days. As a result, the cash cycle of the Company was at 25 days.

To be informed accordingly,

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(Ms. Petcharat Anantawichai)

Director and Senior Management Accounting Department  
and Finance Department Manager  
Company Secretary