

NPPG.036/2019

13 May 2019

Subject Management Discussion and Analysis for the quarter 1 year 2019

Attention The President

The Stock Exchange of Thailand

Management's Discussion and Analysis

Consolidated Financial Results for the quarter 1 year 2019

For the quarter ended 31 March 2019

Consolidated Profit & Loss of NPPG (THAILAND) PCL.,

Unit : Million Baht

	Quarter 1 Year 2019	Quarter 1 Year 2018	Change	%YoY
Revenue from sales and services	147.0	158.3	(11.3)	(7.1%)
Revenue from food and beverage sales	132.4	126.0	6.4	5.1%
Total	279.4	284.3	(4.9)	(1.7%)
Gross Profit	63.3	51.0	12.3	24.1%
Net Profit/(Loss) for the period	(24.9)	(47.8)	22.9	(47.9%)
Net Profit/(Loss) from the period attribute to equity holders of the Company	(24.8)	(45.9)	21.1	(46.0%)

Revenue

Revenue from sales quarter 1 the year 2019 was 279.4 MB decreased by 4.9 MB or 1.7% YoY due to explain in each business segment summary as follows:

Revenue from sale and service

Plastic Packaging Segment

Revenue from sales of plastic packaging was 125.4 MB decrease by 3.0 MB or 2.3% YoY since the Company currently focuses on accepting high-margin and cost-effective jobs which will reduce the overall income but will have a better net profit.

PET bottle Segment

Revenue from sales of PET bottle was 13.9 MB decreased by 9.4 MB or 40.3% YoY due to the increase in raw material costs of plastic pellets including the impact that must result in a price adjustment and the adjustment of the selling price is quite difficult because this business group is highly competitive in the current economic situation. Therefore, the Company slowed the growth of sales in the same customer base and adding new customers.

Revenue from sales food and beverage

Sales of Food and Beverage was 53.1 MB can be classified as follows:-

A&W Restaurant: revenue from sales was 43.0 MB decreased by 3.7 MB or 7.9% YoY which is affected by the number of branches that are reduced and the competition in the quick service restaurant business

Kitchen Plus Restaurant: revenue from sales 9.6 MB increased by 9.6 MB or 100.0% YoY. Due to recognize revenue since the fourth quarter of 2018.

Processed Food: Revenue from sales was 79.3 MB increased by 0.7 MB or 0.9% YoY. Due to the increase in orders for frozen shrimp and ready-to-eat frozen food. At the same time, the Company has opened a new production line. Which is the production of frozen freshwater fish for export since May 2018. This production line has a number of customers of the Company already supporting a number and is likely to receive higher orders.

Cost

Cost of sales and service

The cost was 126.3 MB decreased by 14.2 MB or 10.1% YoY. Because the Company is able to control the cost and labor cost more efficiently, which makes the gross profit increase compared to the previous year and continues to do continuously which is in accordance with the Group's Turnaround plan.

Cost of sales food and beverage

The cost was 89.8 MB decreased by 3.1 MB or 3.3% YoY. Because in the processed food business has managed to control the new production process at every step of the way to reduce the cost of raw materials, packaging as well as the minimum loss of production which is in accordance with the Group's Turnaround plan.

Expenses

Selling expense

Selling expense was 51.4 MB increased by 3.3 MB or 6.9% YoY. The Company has increased the selling expenses of the Kitchen Plus brand which started to recognize revenue and expenses in the fourth quarter of 2018.

Administrative expense

Administrative expense was 38.5 MB increased by 6.3 MB or 19.6% YoY. The Company has increased the administrative expenses of the Kitchen Plus brand which started to recognize revenue and expenses in the fourth quarter of 2018 and the Company has restructured and has closed branches of restaurants that cannot return to profit thus causing the need to pay the relevant compensation incurred.

Finance cost

Finance cost was 2.0 MB decreased by 0.9 MB or 31.0% YoY. As a result of a decrease in a subsidiary's loan from a bank

Net profit (loss) for the period

The loss was 24.9 MB decreased by 22.9 MB or 47.9% YoY. Since the previous year, the Company had loss from temporary investments of 16.0 MB, while the current year had a gain from temporary investments of 1.5 MB and the remaining of 5.4 MB caused by more efficient management.

Please be informed accordingly

Your Sincerely,

(Miss Vachiraporn Aganapanya)
Chief Financial Officer