

May 13, 2019

Subject: Management Discussion and Analysis
 For the three-month period ended March 31, 2019
 To: The President,
 The Stock Exchange of Thailand

Home Pottery Public Company Limited ("The Company") would like to submit the Management Discussion and Analysis of the Company's operation for the three-month period ended 31 March, 2019 with details as follows:

Unit: Million Baht

	Consolidated financial statements	Financial Statement, in which the equity method is applied	Separate Financial Statement		Changes (separate financial statement)	
			31-Mar-19	31-Mar-18	(Million Baht)	%
	<i>(Unit: Million Baht)</i>					
Revenue from Sales	50.24	40.30	45.53	39.82	5.71	14.34
Other Revenue	0.57	0.35	0.44	0.36	0.08	22.64
Total Revenue	50.81	40.65	45.97	40.18	5.79	14.43
Costs of Sales	36.67	30.77	35.05	30.53	4.52	14.83
Selling Expenses	4.86	3.06	3.98	3.06	0.92	29.93
Administrative Expenses	6.32	3.97	4.00	3.97	0.03	0.71
Financial costs	0.07	0.02	0.07	0.02	0.05	320.06
Total Expenses	47.91	37.82	43.10	37.58	5.52	14.57
Profit before share loss from investment in joint venture and income tax	2.90	2.83	2.87	2.60	0.27	10.54
Share of loss from investment in joint venture	-	(1.53)	-	-	-	-
Profit before income tax	2.90	1.30	2.87	2.60	0.27	10.54
Income tax	0.02	0.03	0.02	0.03	(0.01)	(23.83)
Profit for the year	2.93	1.33	2.89	2.63	0.26	10.14

The separate Financial Statement of Home Pottery Public Company Limited (“the Company”) for the three-month period ended 31 March 2019 showed total revenue of 45.97 million Baht. The cost of sales amounted to 35.05 million Baht, while selling and administrative expenses and financial costs were 8.04 million Baht in total. Net income for the period of the company was 2.89 million Baht. The changes are explained as follows;

Sales Revenues:

For the three-month period ended 31 March 2019, the Company generated a revenue from sales of 45.53 million Baht, increasing by 14.34% when compared to the same period in the previous year, which had a total revenue of 39.82 million Baht. This increasing was attributed to higher domestic sales. Moreover, the Company generated higher export volume, but the Company recognized increased slightly sales revenue from overseas sales resulting from Thai Baht appreciation against 3 major currencies (USD, EUR, and AUD) as main revenue structure.

Cost of sales, Selling and Administrative Expenses:

For the three-month period ended 31 March 2019, the cost of sales was 35.05 million Baht, increasing by 14.83% from the same period in the previous year which had a cost of sales of 30.53 million Baht.

The Company’s Gross Profit was 10.48 million Baht which had a Gross Profit Margin of 23.02%, not much different from period of previous year which had a Gross Profit Margin of 23.33%. This decrease in Gross Profit Margin was from appreciation of Baht against other currencies causing lower revenue and gross profit although the company raised sales volume.

For the three-month period ended 31 March 2019, the selling and administrative expenses was 7.98 million Baht, increasing from the same period of previous year which had a selling and administrative expenses of 7.03 million Baht, mainly due to the sales promotion expense for product distribution in both domestic and international market and increase of agent commissions as selling through agents was higher.

Net profit and Net profit margin

For the three-month period ended 31 March 2019, the Company’s Net Profit was 2.89 million Baht which had a Net Profit Margin of 6.29%, more than which of the same period of the previous year which was 2.63 million Baht or net profit margin of 6.54%. This decrease resulted from Baht appreciation against other currencies, therefore, the Company recognized lower revenue, profit and profit margin. Thus, the company planned to boost domestic sales and to enhance measures of waste reduction from the manufacturing process, expecting to help increase in net profit margin in the next quarter.

On October 10, 2561, the Company purchased additional shares of Central Hospitality Co., Ltd. (CHL) indicating 98% shareholding proportion. In consolidated financial statements for the three-month period ended March 31, 2019, the Company’s revenue from the sales of 50.24 million Baht, cost of sales was 36.67 million Baht, net profit

บริษัท โฮม พอตเทอรี จำกัด(มหาชน)
119 หมู่ 15 ต. สบปราบ อ.สบปราบ จ.ลำปาง 52170
Tel : (+66) 054-858996 Fax : (+66) 054-296556
www.homepottery.com

**HOME
POTTERY**

Home Pottery Public Company Limited
119 Moo 15 T. Sobprab A. Sobprab Lampang 52170 Thailand
Tel : (+66) 054-858996 Fax : (+66) 054-296556
www.homepottery.com

was 2.93 million Baht. Increase in Net Profit Margin was from appreciation of Baht against other currencies, causing a drop on revenue from overseas sales. However, the Company and its subsidiary have changed business strategy and enhance marketing strategy for both domestic and international market to achieve more targeted customers.

Please be informed accordingly.

Best Regards,

Home Pottery Public Company Limited



(Mr. Niran Chourkittisophon)

Managing Director

