



Ref. FPI.006/2019

10 May 2019

Subject : Management Discussion & Analysis of Performance Results of Quarter 1/2019

To : Board of Directors and President of The Stock Exchange of Thailand

Fortune Parts Industry Public Company Limited (“FPI” or “The Company”) would like to submit the reviewed of interim financial statements for the three-month period ended 31 March 2019 which has been reviewed by certified public auditor as follows:

Overall performance results of the Company for the three-month period ended 31 March 2019, compared to the same period of the previous year were as highlighted below;

(Unit : Million Baht)

Separate financial statements

	<u>Q1/2019</u>	<u>Q1/2018</u>	<u>% Change</u>
Sales and Service Income	485	467	4
Cost of Sales and Services	388	384	1
Selling and Administrative Expenses	44	51	(14)
Finance Cost	5	7	(29)
Net Profit	40	23	74

(Unit : Million Baht)

**Financial statements in which
the equity method is applied**

	<u>Q1/2019</u>	<u>Q1/2018</u>	<u>% Change</u>
Sales and Service Income	485	467	4
Cost of Sales and Services	388	384	1
Selling and Administrative Expenses	44	51	(13)
Share of profit (loss) from investments in joint ventures	(1)	2	(150)
Finance Cost	5	7	(29)
Net Profit	39	24	63

Total Revenues

In the three-month period ended 31 March 2019 and 2018, total revenues of the Company were Baht 485 million and Baht 467 million, respectively, which increased by Baht 17 million or increased by 4%. Sales and service income for the quarter 1 ended 31 March 2019 amounted to Baht 481 million increased by Baht 23 million or increased by 4%. This was mainly due to the increased in export sales in Asian and The Middle East zones by Baht 55 million or increased by 26%. In prior year, these zones are facing economic problems. Therefore, during the last year, the company delayed sales transaction to several customers in the zones since the Company would like to collect overdue balance from the customers first. However, in this year, the sales soared as the economy is getting better and there is a higher demand of automotive parts in the country. Moreover, the revenue in South America zone increased by 11% from new customers and rental mold income.

The revenue in Africa and European zones decrease Baht 13 million and Baht 12 million or 22% and 37%, respectively. The export sales to Africa declined because in the end of last year, the primary customers bought a large lot from the Company to stock in their warehouse, so they delayed the purchase orders to our Company. For the decreased in sales of European zone, this is because in Quarter 1, 2018, the Company received BT50 project so that the export sales in Quarter 1 2018 was higher than Quarter 1 2019's.

Cost of Sales and Services

In the three-month period ended 31 March 2019 and 2018, total cost of sales and services of the Company, which is accounted for Baht 388,069 million and Baht 383,701 million, respectively, increased by Baht 3 million or 1%. This is mainly because of the increased sales and the production quantity. However, the percentage of revenue and cost of sales comparing to Quarter 1 in 2018 decreased as the company managed to reduce the cost of raw material to be cheaper that the same period last year.

Selling and Administrative Expenses

For the three-month period ended 31 March 2019, the Company's selling and administrative expenses decreased by Baht 11 million or 14% from the same period in 2018. The main reason is from the decrease in allowance for doubtful account of Baht 3 million since the company has a better policy to collect money from customers. Furthermore, loss on exchange rate declined by Baht 7 million from prior year as the Company has entered into the forward exchange contracts to reduce risks from the fluctuation of exchange rate.

Financial Cost

In Quarter 1 2018 and 2019, the finance cost of the Company was Baht 5 million and Baht 7 million, respectively, which reduced by Baht 2 million from 2018 because the Company could manage and obtain cheaper source of finance than the prior period.

Net Profit

In the three-month period ended 31 March 2019 and 2018, net profit of the Company which were amounting to Baht 40 million and Baht 23 million, respectively, increased by Baht 17 million or increased by 74%. This was mainly because the increase in sales and service income of Baht 23 million, decreased in administrative expense of Baht 5 million from the declined in loss on exchange rate, decreased in allowance for doubtful expenses of Baht 3 million since the Company could manage to collect debt faster, and decreased in the finance cost of Baht 2 million.

For share of loss from investments in joint ventures in the first quarter of 2019, the balance of Baht 1 million was described as followed:

1. SAFE Energy Holdings Company Limited ("SAFE") is the joint venture that the Company holds 33.37%. Currently, the project has commenced the operation of biomass gasification power plant of 7.5 MW of Prize of Wood Green Energy Co., Ltd. (PWGE). SAFE invests 99.99% in PWGE, 49% in Bina Puri Power (Thailand) Co., Ltd., and 100% in SAFE Biomass Co., Ltd. For the three-month period ended 31 March 2019, the Company recognized the profit from investment in joint venture of Baht 4 million.
2. FORTUNE-PARTS INDUSTRY ECUADOR CIA.LTDA., the joint venture of FPI, was held 45% by the Company. In the first quarter of 2019, the Company recognized loss from investment in joint venture of Baht 0.12 million.
3. ALP FPI PARTS PRIVATE LIMITED. the Company holds 45% as a joint venture. The Company recognized loss from investment in joint venture of Baht 5 million during this period.

Financial Position (in comparison to as of 31 December 2018)

Overall financial position of the Company as of 31 March 2019, compared to the statement of financial position as of 31 December 2018, the balance of total assets which were Baht 2,530 million and Baht 2,553 million, respectively, decreased by Baht 23 million, or decreased by 1% due to the following reasons.

Total Assets

As at 31 March 2019, total assets were Baht 2,530 million, decreased by Baht 23 million from the balance at the ended of 31 December 2018. This were mainly because there was an increase in cash and cash equivalent the Company reserves to pay the dividend, and trade and other receivables

from sales in this period. However, the inventory decreased as the Company sold a large amount of trading products in the period.

Total Liabilities

Total liabilities decreased by Baht 41 million from Baht 876 million as at 31 December 2018 to Baht 835 million as at 31 March 2019. It was mainly because the repayment of short-term loans especially in Packing Credit. In addition, trade payable decreased from the payment to the Company's suppliers.

Shareholders' Equity

As at 31 March 2019, shareholders' equity was Baht 1,695 million, which increased by Baht 17 million from Baht 1,678 million as at 31 December 2018. This is mainly due to the net profit from operating for the period by Baht 17 million and treasury stock of Baht 22 million.

Please be informed accordingly.

Yours sincerely,

Mr. Sompol Tanadumrongsak
Managing Director