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Re Management Discussion and Analysis (MD & A) for Q1/2019
To The President
The Stock Exchange of Thailand

1. Analysis of Overall Operating Results and Financial Position of the Company and its subsidiary

1.1 Analysis of Overall Operating Results for the Company and its subsidiary for the three-month period ended March 31, 2019

Table 1: Overall operating results for the three-month period ended March 31, 2019 and 2018

(Unit: Thousand Baht)

	Consolidated	Separate		Increase	
	Financial	Financial	Financial	(Decrease)	
	Statements	Statements	Statements	Thousand	%
	Q1/2019	Q1/2019	Q1/2018	Baht	
Total revenues	420,156	407,391	373,709	46,447	12.4
Sales and service income	417,702	404,533	372,256	45,446	12.2
Cost of sales and service	323,393	313,043	288,936	34,457	11.9
Gross profit	94,309	91,490	83,320	10,989	13.2
Other income	2,454	2,858	1,453	1,001	68.9
Profit before expenses	96,763	94,348	84,773	11,990	14.1
Selling and distribution expenses	25,061	22,708	23,815	1,246	5.2
Administrative expenses	48,186	32,470	35,232	12,954	36.8
Total selling and administrative expenses	73,247	55,178	59,047	14,200	24.0
Profit before finance cost and income tax expenses	23,516	39,170	25,726	(2,210)	(8.6)
Finance cost	(2,373)	(2,237)	(124)	(2,249)	1,813.7
Profit before income tax expenses	21,143	36,933	25,602	(4,459)	(17.4)
Income tax expenses	(4,254)	(7,397)	(5,064)	810	(16.0)
Profit for the period	16,889	29,536	20,538	(3,649)	(17.8)
Gross profit margin	22.6%	22.6%	22.4%	0.2%	-
Basic earnings per share (Baht/share)	0.04	0.07	0.05	(0.01)	(17.8)
Net profit margin	4.0%	7.3%	5.5%	-1.5%	-



The total revenues for the three-month ended March 31, 2019 from the Company and its subsidiary is Baht 402.2 million which increased from the previous year Baht 46.4 million or increased at 12.4 percent, consisting of sales and service income at Baht 417.7 million and other income at Baht 2.5 million. The increase of sales and service revenue was at Baht 45.4 million when comparing with the previous year increased at 12.2 percent while increase of other income was also at Baht 1.0 million.

- Sales and service income

Table 2 : Sales by Product Type for the Company and its subsidiary's operating segments for the three-months period ended March 31, 2019 and 2018

(Unit : Thousand Baht)

Product Type	Q1/2019		Q1/2018		Increase (Decrease)	%
	Thousand Baht	%	Thousand Baht	%		
Consumer Products	234,517	56.1	192,558	51.7	41,959	21.8
Industry Products	170,016	40.7	179,698	48.3	(9,682)	(5.4)
Manufacture of skincare products, cosmetics, food supplements and medical used to treat skin disease	13,169	3.2	-	-	13,169	100.0
รวม	417,702	100	372,256	100	45,446	12.2

In Q1/2019, Sales and service revenue from the Company and its subsidiary (“the Group”) totaled at Baht 417.7 million and increased from the prior year same period at Baht 45.4 million or increased 12.2 percent. The sales income from Consumer Products when comparing with the previous year increased Baht 42 million or increased 21.8 percent. The sales income from Industry Products when comparing with the previous year decreased Baht 9.7 million or decreased 5.4 percent, which mainly derived from modified starch such as potato starch, egg powder and margarine due to high price competition in the marketplace. The sale income from the new business acquired on April 2018, operating manufacture of skincare products, cosmetics, food supplements and medical used to treat skin disease was at Baht 13.2 million.

- Cost of sales and service

In Q1/2019, cost of sales and service amounted to Baht 323.4 Baht when comparing with the prior year same quarter, its increased Baht 34.5 million or increased at 11.9 percent.

- Gross profit

In Q1/2019, the Group's gross profit was Baht 94.3 million when comparing with the prior year same quarter increased Baht 11 million. For the Company only, the gross profit was Baht 91.5 million increased from the prior year same quarter at Baht 8.2 million while for the subsidiary company's gross profit was Baht 2.8 million and increased from subsidiary investment in April 2018.



In Q1/2019, the Group's gross profit margin was at 22.6 percent and increased from the prior year same period at 0.2 percent while Q1/2018 in separate financial statement for the Company only, the gross profit margin was 22.4 percent. For the Company only, the gross profit margin in Q1/2019 was equaled to the prior year same quarter at 22.6 percent and increased from the prior year same quarter at 0.2 percent while the subsidiary company's gross profit margin was at 21.1 percent.

- Other income

In Q1/2019, other income was Baht 2.5 million which mainly due to commission income increased Baht 0.3 million and increased gain on exchange rate at Baht 0.1 million. For this year, as said, the gain on exchange rate at Baht 0.1 million while prior year faced with loss on exchange rate Baht 1.1 million, which classified into administrative expenses. In addition, the subsidiary's other income increased Baht 0.6 million.

- Expenses

- Selling and distribution expenses

Q1/2019, selling and distribution expenses was Baht 25.1 million and increased from prior year same period at Baht 1.2 million or increased at 5.2 percent due to the consolidated financial statements included expenses from investment subsidiary at Baht 2.3 million. For the Company only, the selling expenses was decreased from the prior year Baht 1.1 million or decreased 4.6 percent.

- Administrative expenses

Q1/2019, administrative expenses was Baht 48.2 million and increased from prior year same period Baht 13 million or increased 36.8 percent. The mainly causes are 1) due to the consolidated financial statement included subsidiary's administrative expenses in the amount of Baht 15.7 million while only Company's administrative expenses decreased Baht 2.8 million or decreased 7.8 percent, 2) last year's consulting service fee for acquiring subsidiary company was at Baht 1.2 million and so this year had no this expenses items and 3) last year's loss on exchange rate was at Baht 1.1 million and so this year's profit was at 0.1 million and classified this expenses into the other come.

- Finance cost

Q1/2019, finance cost was increased from the prior year same period at Baht 2.2 million, which was due to last year the Company had long-term loans with financial institution in the amount of Baht 250 million for acquisition the subsidiary business with fixed interest rate at 3.75 percent per year and for the first-five year loans and after that will be calculated MLR rate at 2.1 which the due payment for the principle is 7 years starting from the loan date. However, as at March 31, 2019 such loan balance at around Baht 217million.

- Profit for the period

Q1/2019, profit for the period of the Company and its subsidiary ("the Group") was Baht 16.9 million, decreased from the prior year same period at Baht 3.6 million or decreased at 17.8 percent. For the Company only, the profit for the period was Baht 29.5 million, increased from the prior year same period at Baht 9 million or



increased 43.8 percent while subsidiary's loss for the period at Baht 12.7 million due to current sales cannot support the subsidiary's operations on selling and administrative expenses, mainly expenses of subsidiary company are fixed expenses.

In Q1/2019, the Group's profit for the period, it decreased Baht 3.6 million from the QoQ due to increase from gross profit Baht 11 million and other income Baht 1 million and tax expenses decreased Baht 0.8 million while selling and administrative expenses increased Baht 14.2 million, finance cost increased Baht 2.2 million.

2. Financial Position Analysis

Table 3 : Overall Financial Position for the three-month period ended March 31, 2019 and 2018

(Unit : Thousand Baht)

	Consolidated Financial Statements				Separate Financial Statements				Consolidated F/S Increase(Decrease)	
	31 Mar'19	%	31 Dec'18	%	31 Mar'19	%	31 Dec'18	%	Thousand Baht	%
Current Assets	714,945	59.8	670,482	58.0	692,523	58.8	646,293	57.0	44,463	6.6
Non-Current Assets	481,477	40.2	485,565	42.0	485,805	41.2	486,917	43.0	(4,088)	(0.8)
Total Assets	1,196,422	100.0	1,156,047	100.0	1,178,328	100.0	1,133,210	100.0	40,375	3.5
Current Liabilities	359,866	30.1	324,846	28.1	318,793	27.1	294,933	26.0	35,020	10.8
Non-Current Liabilities	202,975	17.0	214,509	18.6	199,871	17.0	208,149	18.4	(11,534)	(5.4)
Total Liabilities	562,841	47.0	539,355	46.7	518,664	44.0	503,082	44.4	23,486	4.4
Shareholders' equity	633,581	53.0	616,692	53.3	659,664	56.0	630,128	55.6	16,889	2.7
Total liabilities and shareholders' equity	1,196,422	100.0	1,156,047	100.0	1,178,328	100.0	1,133,210	100.0	40,375	3.5

2.1 Assets

As at March 31, 2019, the total assets of the Group amounted to Baht 1,196.4 million, consisting of current assets Baht 714.9 million or 59.8 percent of total assets while non-current assets amounted to Baht 481.5 million or 40.2 percent of total assets. Current assets increased from prior year Baht 44.5 million or increased 6.6 percent, which mainly due to increase of inventories at Baht 37.2 million, trade receivables and other receivables increased Baht 7.6 million and other current assets increased Baht 2.8 million while cash and cash equivalent was decreased at Baht 3.3 million.

Non-current assets amounted to Baht 481.5 million and slightly decreased from the prior year at Baht 4.1 million or decreased at 0.8 percent such as PP&E at Baht 367.8 million or 30.7 percent of total assets and goodwill at Baht 94.4 million or 7.9 percent of total assets.

2.2 Liabilities

As at March 31, 2019, the Group's total liabilities amounted to Baht 562.8 million, consisting of current liabilities at Baht 359.9 million or 63.9% of total liabilities and non-current liabilities was Baht 203 million 36.1 percent of total liabilities.



Most of current liabilities were trade payables and other trade payables at Baht 232.4 million or 41.3 percent of total liabilities, overdrafts and short-term loans from financial institution was Baht 52.6 million or 9.3 percent of total liabilities and long-term loans was payment due by one year amounted to Baht 33 million or 5.9 of total liabilities.

Current liabilities increased from the prior year at Baht 35 million or 10.8 percent, which mainly due to trade payables and other trade payables increased from prior year Baht 22.6 million or increased 10.8 percent in the same way of increase of inventory at Baht 37.2 million to support interim year. In addition, overdrafts and short-term loans from institution increased at Baht 8.2 million or increase 18.5 percent.

Most of non-current liabilities were long-term loans from financial institution-net portion which payment due within one year in the amount of Baht 184 million or 32.7 percent of total liabilities.

Non-current liabilities decreased from the prior year at Baht 11.5 million or decreased at 5.4 percent, which mainly due to long-term loans from financial institution-net portion which payment due within one year decreased in the amount of Baht 8.4 million because of drawn down payment.

2.3 Shareholders' equity

As at March 31, 2019, shareholders' equity amounted to Baht 633.6 million and increased from the prior year at Baht 16.9 million which derived from Q1/2019's profit for the period of the Group at Baht 16.9 million.

Please be informed accordingly.

Yours sincerely,

Winner Group Enterprise Public Company Limited

- Signed -

Mr. Jane Wongisariyakul

President & CEO