

May 14th, 2019

The President

The Stock Exchange of Thailand

Re: Management Discussion and Analysis on 1Q19 performance

1. Financial performance of Berli Jucker Public Company Limited for 1Q19

Revenues

BJC's consolidated total revenue for 1Q19 reached THB 42,326 million, representing an increase of THB 1,251 million or 3.0% over the same period last year. This increase driven by the consolidated sales and service revenue increasing by THB 1,321 million, whilst rental, and other income from Modern Retail Supply Chain continued its solid growth, the consolidated other income year-on-year comparison was impacted by one-time after tax gain of THB 191 million in 1Q18 from the gain on disposal of investment in subsidiary.

Expenses

BJC's consolidated total expenses for 1Q19 amounted to THB 40,393 million, an increase of THB 1,537 million or 4.0% over the same period last year. This increase was mainly due to; (1) increased cost of goods sold expenses due to increased sales, and (2) increased SG&A expenses due to increased personnel and utility expenses at the Modern Retail Supply Chain.

Net Profit Attributable to Equity Holders

BJC's consolidated net profit attributable to the equity holders of the Company for 1Q19 reached THB 1,504 million, an increase of THB 59 million or 4.1% over the same period last year, mainly driven by Packaging, Consumer, and Healthcare and Technical Supply Chains, and lower effective tax rate for the quarter.

If we compare the recurring net profit attributable to the equity holders of the company by removing non-recurring one-off item after tax from the gain on disposal of investment in subsidiary in the amount of THB 191 million in 1Q18 our net income increased by THB 250 million or 19.9% over the same period last year.

Key Highlights of 1Q19 and 1Q18

Unit: Million THB	1Q19	1Q18	%YoY
Packaging Supply Chain	4,896	5,322	(8.0)
Consumer Supply Chain	4,728	4,443	6.4
Healthcare and Technical Supply Chain	1,998	1,800	11.0
Modern Retail Supply Chain	27,047	25,650	5.4
Others and elimination	(279)	(146)	90.7
Sales & Services	38,390	37,069	3.6
Other income	3,929	4,006	0.3
Gain from foreign exchange	7	-	100.0
Total revenues	42,326	41,075	3.0
Cost of goods sold	30,969	30,055	3.0
Gross profit	7,421	7,014	5.8
Selling expenses	7,020	6,441	9.0
Administrative expenses	1,208	1,156	4.5
Loss from foreign exchange	-	(58)	(100.0)
Share of profits (loss) from investments	7	(6)	(222.6)
Earnings before interest and tax	3,136	3,359	(6.6)
Interest expense	1,197	1,146	4.5
Earnings before tax	1,939	2,213	(12.4)
Tax	289	584	(50.4)
Net profit	1,650	1,629	1.3
Attributable to:			
Minority interests	146	184	(20.9)
Equity holders of the Company	1,504	1,445	4.1
One-time items after tax:			
Gain (after tax) on disposal of investment in subsidiary	-	191	(100.0)
Equity holder of the Company (Excluded one-time items)	1,504	1,254	19.9

Key Financial Ratios	1Q19	1Q18	Change
Gross profit as % to sales*	19.3%	18.9%	+41 bps
SG&A as % to sales*	21.4%	20.5%	+94 bps
Recurring EBIT margin ¹	8.2%	8.6%	-41 bps
Recurring Net profit margin (attributable to equity holders of the Company) ¹	3.9%	3.4%	+53 bps
Net debt to equity (times)	1.3	1.3	-2 bps

* Sales excluding other income

¹ Excluding THB 191 million one-time after-tax gain on disposal of investment in associate

2. Financial performance summary by supply chain

Packaging Supply Chain

Unit: Million THB	1Q19	1Q18	Change
Sales	4,896	5,322	-8.0%
Net profit	535	516	+3.8%
% Net profit margin	10.9%	9.7%	+125 bps

Performance in 1Q19

In 1Q19, Packaging Supply Chain reported sales of THB 4,896 million, a decrease of THB 426 million or -8.0% over the same period last year. The decrease was driven by lower sales in aluminum can packaging businesses due to declining sales from energy drink customer.

Packaging Supply Chain's gross profit margin decreased to 22.7% in 1Q19 from 23.7% in 1Q18 mainly due to lower production volume, and EBIT margin decreased to 15.0% in 1Q19 from 15.8% in 1Q18.

Net profit attributable to the equity holders of the Company in 1Q19 reached THB 535 million, an increase of THB 19 million or 3.8% over the same period last year, driven by lower effective tax rate due to a BOI tax benefits from the new Saraburi 5 furnace and from instalment of additional solar rooftop during the quarter.

Glass Packaging Business

In 1Q19, glass packaging business reported sales of THB 2,665 million, an increase of 1.6% over the same period last year, and contributed approximately 54.0% of total Packaging Supply Chain sales. The sales increase was mainly driven by solid sales in non-alcoholic beverages segment during the quarter. Net profit attributable to the equity holders of the Company in 1Q19 increased over the same period last year. This increase was mainly driven by increased sales and lower effective tax rate from BOI tax benefits for the quarter.

Aluminum Can Business

In 1Q19, aluminum can business reported sales of THB 2,231 million, a decrease of -17.4% over the same period last year, and contributed approximately 46.0% of total Packaging Supply Chain sales. The decrease was mainly driven by lower sales in non-alcoholic segments as we are partially transitioning sales from old customer to a new customers during the year. Net profit attributable to the equity holders of the Company in 1Q19 decreased over the same period last year due to lower sales and gross profit margin.

Consumer Supply Chain

Unit: Million THB	1Q19	1Q18	Change
Sales	4,728	4,443	+6.4%
Net profit	281	238	+18.1%
% Net profit margin	5.9%	5.4%	+59 bps

Performance in 1Q19

In 1Q19, Consumer Supply Chain reported sales of THB 4,728 million, an increase of THB 285 million or 6.4% over the same period last year. This increase was driven by sales growth in all segments.

Consumer Supply Chain's gross profit margin increased to 21.9% in 1Q19 from 21.1% in 1Q18 due to lower raw material prices of sweet potato, palm oil, and crude coconut oil, whilst EBIT margin increased to 8.0% in 1Q19 from 7.3% in 1Q18.

Net profit attributable to the equity holders of the Company in 1Q19 reached THB 281 million, an increase of THB 43 million or 18.1% over the same period last year due to abovementioned reasons.

Foods Group

In 1Q19, Foods Group reported sales of THB 1,482 million, an increase of 1.8% over the same period last year, and contributed approximately 31.0% of total Consumer Supply Chain sales. The sales growth was mainly driven by higher sales in snack segment especially in Tasto product line. Net profit attributable to the equity holders of the Company in 1Q19 increased over the same period last year due to sales growth and improved gross profit margin.

Non-Foods Group

In 1Q19, Non-Foods Group reported sales of THB 1,749 million, an increase of 2.1% over the same period last year, and contributed approximately 37.0% of total Consumer Supply Chain sales. The sales growth was due to a strong sales in personal care products. Net profit attributable to the equity holders of the Company in 1Q19 increased over the same period last year due to higher sales, lower raw material cost from crude palm oil and crude coconut oil leading to higher net profit during the quarter

International Trading

In 1Q19, International Trading reported sales of THB 1,146 million, an increase of 14.8% over the same period last year, and contributed approximately 24.0% of total Consumer Supply Chain sales. The sales growth was mainly driven by higher sales in P&G and Cuckoo products from Phu Thai Group, and in canned fish from Thai Corp International Vietnam, leading to higher profit in this quarter.

Healthcare & Technical Supply Chain

Unit: Million THB	1Q19	1Q18	Change
Sales	1,998	1,800	+11.0%
Net profit	224	165	+36.0%
% Net profit margin	11.2%	9.2%	+206 bps

Performance in 1Q19

In 1Q19, Healthcare and Technical Supply Chain reported sales of THB 1,998 million, an increase of THB 198 million or 11.0% over the same period last year. The sales increase was mainly driven by Technical supply chains due to a consolidation of White Group sales.

Healthcare and Technical Supply Chain's gross profit margin increased to 32.0% in 1Q19 from 31.1% in 1Q18, and EBIT margin increased to 14.4% in 1Q19 from 11.6% in 1Q18 due to a profitability improvement and effective cost control.

Net profit attributable to the equity holders of the Company in 1Q19 reached THB 224 million, an increase of THB 59 million or 36.0% over the same period last year due to abovementioned reasons.

Modern Retail Supply Chain

Unit: Million THB	1Q19	1Q18	Change
Total Revenues	30,856	29,288	+5.4%
Net profit	1,357	1,390	-2.3%
% Net profit margin	5.0%	5.4%	-40 bps

Performance in 1Q19

In 1Q19, Modern Supply Chain reported total revenues of THB 30,856 million, an increase of THB 1,568 million or 5.4% over the same period last year. This increase was driven by a retail sales reaching THB 27,047 million, an increase of 5.4% from the same period last year, due to new store openings and continued solid same-store-sales growth of +1.0% year-on-year. Whilst the other income, including rental income and other income, reached THB 3,809 million, an increase of 4.7% over the same period last year due to added rental space, rental escalation, and increasing other income.

Modern Supply Chain's gross profit margin increased to 16.3% in 1Q19 from 15.9% in 1Q18 due to lower B2B sales contribution. Our EBIT margin decreased to 6.4% in 1Q19 from 6.9% in 1Q18 due to increased SG&A expenses driven mainly by (1) increased personnel expenses from store expansion and yearly merit increase, (2) increased store opening and closing expenses, and (3) increased utility expenses.

Net profit attributable to the equity holders of the Company in 1Q19 reached THB 1,357 million, a slight decrease of THB 33 million or -2.3% over the same period last year due to abovementioned.

Modern Retail Supply Chain continued expanding its store network and opened 27 Mini Big C stores (closed 13 stores) during the quarter. The total number of our stores at the end of March 2019 reached to 147 large format stores (Big C Supercenter, Extra, and Jumbo), 61 supermarket (Big C Market and Big C Food Place), 797 Mini Big C (including 73 franchise stores), and 140 Pure Drugstores.

Dividend payment

On 23rd April 2019, the Ordinary General Meeting of Shareholders approved the dividend payment of THB 0.73 per share, or a total amount of THB 2,922 million, for full year 2018. As the Company had already paid the interim dividend of THB 0.18 per share, totaling THB 721 million, on 13th of September 2018, the Company will pay the remaining year-end dividend of THB 0.55 per share, totaling THB 2,201 million, on 21st of May 2019.

Please be informed accordingly.

Yours faithfully,

Berli Jucker Public Company Limited

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