



## Management Discussion and Analysis

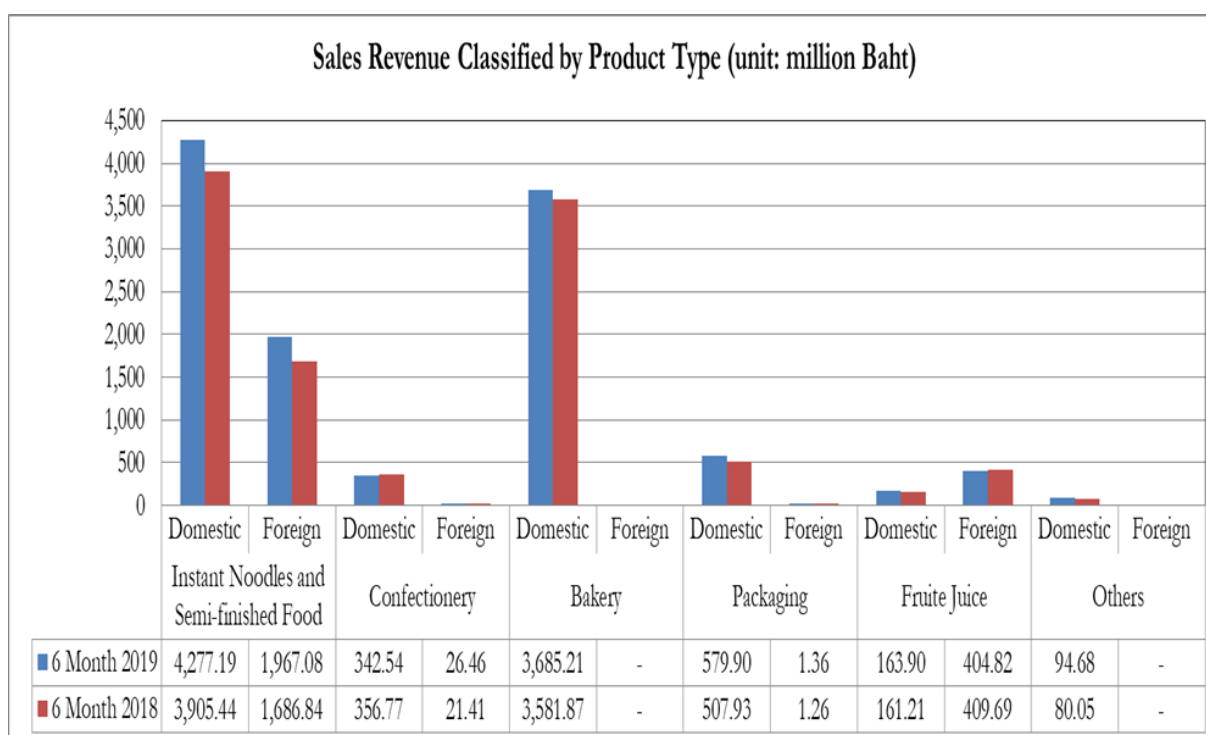
### For the three-month and six-month periods ended 30 June 2019

#### 1. Performance Results

##### 1.1 Sales

The company recorded the total sales of Baht 5,925.67 million and Baht 5,538.85 million in Q2/2019 and Q2/2018 respectively or increasing by 6.98%. Additionally, the total sales in first half of 2019 stood at Baht 11,543.15 million, increasing by Baht 830.68 million or 7.75% from the same period last year..

When classified by products and regions in H1/2019, the domestic sales increased by 6.40% due to the total instant noodle market growth together with the new products launched, while the foreign market sales jump by 13.24% which continue growing from the previous quarter and the Asia market still earned the fastest growth and was the biggest exporting region of the Company.



##### 1.2 Cost of Sales

The cost of sales of the Company amounted to Baht 3,781.86 million in Q2/2019, increasing by Baht 214.76 million or 6.02% from the previous year, mainly due to lower raw material and packaging cost in accordance with higher sales volume. Thus, the cost of sales to total sales revenues ratio was at 64.41% in H1/2019, lower than that in the previous year which stood at 64.82% resulted from the price of palm oil dropped.



### **1.3 Selling and Administrative Expenses**

The selling and administrative expenses in Q2/2019 totaled to Baht 1,037.75 million, increasing by Baht 123.95 million or 13.56% from a year earlier. The increase in our selling and administrative expenses resulted from higher employee benefit provision which comply to the Labor Protection Act (Issue 7) BE. 2562. However the selling and administrative expenses to the total revenues' ratio was at 16.86% in H1/2019, increasing 0.02% compared with the ratio of last year.

### **1.4 Net Profit**

The Company recorded net profit of Baht 974.18 million in Q2/2019, increasing by Baht 128.48 million or 15.19% from the previous year. The profit margin of the company stood at 15.36 % of total revenue (plus Share of profit from investments in associates), mainly because of the profit from land selling of a subsidiary, the Company gained net profit of Baht 1,839.83 million in H1/2019, increasing by Baht 304.69 million or 19.85% from the previous year.

## **2. Financial Position**

### **2.1 Assets**

The total assets of the Company as of June 30, 2019 amounted to Baht 32,682.17 million, increasing by Baht 1,840.60 million or 5.97% from the end of last year. The structure of assets of the Company consisted of the fixed assets of Baht 18,336.53 million, accounting for 56.11% of total assets, and the current assets of Baht 14,345.64 million, accounting for 43.89% of total assets. Our asset mainly increased from increasing amount of the short term investment item which mostly are the bank fix deposit.

### **2.2 Liabilities**

Total liability if the Company stood at Baht 4,342.25 million as of June 30, 2019, increasing by Baht 323.63 million from the end of last year. Our liability was increasing from trade payables and provision for long-term employee benefits. Most of liability of the company was current liability, while the long-term liability was accounted for 26.42% of total liability. Additionally, debt to equity ratio of the Company was at 0.20



### **2.3 Shareholders' Equity**

The shareholders' equity of the Company as of June 30, 2019 amounted to Baht 28,339.92 million, increasing by Baht 1,516.96 million or 5.66% from the end of 2018, resulting from the net profit of this quarter.

### **3. Liquidity Position**

The balance of operation activities cash inflow in Q2/2019 totaled to Baht 2,009.72 million. Meanwhile the cash outflow from investment and financing activities amounted to Baht 1,971.18 million and Baht 710.85 million respectively. The Company, as of June 30, 2019, recorded cash and cash equivalents item of Baht 3,184.80 million, decreasing by Baht 691.29 million which result from the dividend payment for the 2<sup>nd</sup> half of 2018.