

November 12, 2019

President Bakery Public Company Limited would like to submit the report of Management Discussion and Analysis (MD&A) for Performance Result in Q3/2019 ended on September 30, 2019 which has been reviewed by the auditor. The financial statement of the Company, in which the equity method is applied, shows considerable change in the operating results from the same period last year. The Company would like to clarify such significant changes as below,

(Unit: million Baht)

	Q3/2019	%	Q3/2018	%	Increase (Decrease)	% +/(-)
Sales	2,065.00	98.69	1,938.97	99.05	126.03	6.50
Total revenues	2,092.33	100	1,957.55	100	134.78	6.89
Cost of Sales	1,076.05	52.11	1,122.77	57.91	(46.72)	(4.16)
Gross Profit	988.95	47.89	816.20	42.09	172.75	21.17
Selling and Administrative expenses	441.13	21.08	418.66	21.39	22.47	5.37
Profit for the period	510.81	24.41	371.73	18.99	139.08	37.41
Earnings per share (Baht)	1.14		0.83		0.31	37.35

	For the 9month period ended 30 September 2019	%	For the 9 month period ended 30 September 2018	%	Increase (Decrease)	% +/(-)
Sales	5,750.24	98.63	5,520.86	98.88	229.38	4.15
Total revenues	5,830.00	100	5,583.55	100	246.45	4.41
Cost of Sales	3,111.88	54.12	3,191.19	57.80	(79.31)	(2.49)
Gross Profit	2,638.36	45.88	2,329.67	42.20	308.69	13.25
Selling and Administrative expenses	1,329.53	22.80	1,237.54	22.16	91.99	7.43
Profit for the period	1,233.88	21.16	1,030.26	18.45	203.62	19.76
Earnings per share (Baht)	2.74		2.29		0.45	19.65

Remark: Percentage in Statement of comprehensive income derived from total revenues, while percentage of cost of sales and gross profit from sales

1. Operating Results

1.1 Sale Revenue

The Company recorded total sale revenue of Baht 2,065 million and Baht 1,938.97 million in Q3/2019 and Q3/2018 respectively, or increasing by 6.50%.

For the nine-month period ended on September 30, 2019, total sale revenue stood at Baht 5,750.24 million, or increasing by 4.15% from the same period last year.

1.2 Cost of Sales

The cost of sales of the Company in Q3/2019 stood at Baht 1,076.05 million, decreasing by 4.16% from the same quarter last year. The cost of sales to total sales ratio to be at 52.11% in Q3/2019, lower from 57.91% in the same quarter last year. As a result, the gross profit margin of the Company stood at 47.89% increasing from 42.09% in the same quarter last year.

For the nine-month period ended on September 30, 2019, the cost of sales stood at Baht 3,111.88 million, decreasing by Baht 79.31 million or 2.49% from the same period last year, due to lower price of major raw materials and the management of returned products with reduced quantity, the Company has managed cost control efficiently. The cost of sales to total sales ratio to be at 54.12% decreasing from 57.80% in the same period last year. As a result, the gross profit margin increased to 45.88% from 42.20% in the same period last year.

1.3 Selling and Administrative Expenses

The selling and administrative expenses in Q3/2019 amounted to Baht 441.13 million, accounting for 21.08% of total income, increasing by 5.37% from the same quarter last year and in nine-month period of year 2019 and 2018 the selling and administrative expenses were accounted for 22.80% and 22.16%, increasing by 7.43% from the same period last year. The selling and administrative expenses was increasing from higher sale promotion and advertising cost to encourage effective channels of product distribution.

1.4 Profit for the period

The profit for the period of the Company in Q3/2019 stood at Baht 510.81 million, or increasing by 37.41% from the previous year, and recorded profit for the period of Baht 1,233.88 million nine-month period of year 2019, or increasing by 19.76% from the previous year. Resulted from increased sales volume. In addition, the Company gained the profit sharing of Baht 2.79 million from joint-venture business nine-month period of year 2019.

Financial Position of the Company**(Unit: million Baht)**

	September 30, 2019	%	December 31, 2018	%	Increase (Decrease)	% +/(-)
Total Assets	9,078.72	100	8,690.27	100	388.45	4.47
Total Liabilities	1,157.30	12.75	1,269.13	14.60	(111.83)	(8.81)
Shareholders' Equity	7,921.42	87.25	7,421.14	85.40	500.28	6.74
Total Liabilities and Shareholders' Equity	9,078.72	100	8,690.27	100	388.45	4.47

2. Financial Position**2.1 Assets**

The total assets of the Company as of September 30, 2019 amounted to Baht 9,078.72 million, increasing by Baht 388.45 million from December 31, 2018. Main asset of the Company comprised of current assets by 44.26% of total assets and non-current assets by 55.74% of total assets. The increase in current assets resulted from increasing cash and cash equivalents by Baht 268.26 million, increasing short-term investments by Baht 190.93 million. The Company to purchase ordinary shares of Saha Capital Tower Co., Ltd., the Company's investment proportion was 10 percent of Baht 2,000 million registered capital and 25 percent of the investment amount and payment for share subscription of Baht 50 million in September 2019.

Trade and other receivables of the Company was at 10.20% of total assets, decreasing by Baht 20.47 million from December 31, 2018, because most of our account receivable was paid on schedule.

2.2 Liability

The liability of the Company as of September 30, 2019 totaled to Baht 1,157.30 million, accounting for 12.75% of total Liability and Shareholders' Equity and decreasing by 8.81% from December 31, 2018. As a result, the debt to equity ratio of the Company was at 0.15, lower from 0.17 as of December 31, 2018.

2.3 Shareholders' Equity

The shareholders' equity of the Company as of September 30, 2019 stood at Baht 7,921.42 million, accounting for 87.25% of the total of Liabilities and Shareholders' Equity. The shareholders' equity increased by Baht 500.28 million from December 31, 2018, due to operating profit. In addition, the book value of the Company was at 17.60 Baht per share, increasing from 16.49 Baht per share in 2018.

3. Liquidity Position

The net cash from operating activities of the Company in nine-month ended on September 30, 2019 amounted to Baht 1,511.35 million, increasing by Baht 88.12 million or by 6.19% from the previous year

The net cash used for investing activities totaled to Baht 438.74 million, decreasing by Baht 466.06 million. Resulted from higher short-term investment.

The Net cash used in financing activities totaled to Baht 804.35 million, increasing by Baht 39.28 million. Most financing activity was paid for dividend payment of Baht 747 million.

As a result, the Company recorded cash and cash equivalents of Baht 726.80 million as of September 30, 2019, increasing by Baht 268.26 million from the same period last year.

As of September 30, 2019, the Company maintained the current ratio at 4.08, and the average days sales at 1 day. Meanwhile, the average days of debt collection of the Company stood at 44 days, and the average days of debt repayment was at 71 days. As a result, the cash cycle of the Company was at 26 days.

To be informed accordingly,

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(Ms. Petcharat Anantawichai)

Director and Senior Management Accounting Department

and Finance Department Manager

Company Secretary