

THAI PLASPAC PUBLIC COMPANY LIMITED “TPAC”

Management Discussion and Analysis for Q3/2018 Ending 30 September 2018

Consolidated Profit and Loss

THB Million	Q3'18	Q2'18	% Δ from Q2'18	Q3'18	Q3'17	% Δ from Q3'17	9M'18	9M'17	% Δ
Sales	699.5	442.1	58.2%	699.5	414.9	68.6%	1,559.9	1,204.4	29.5%
Cost of sales	613.3	382.3	60.4%	613.3	333.0	84.2%	1,348.9	995.0	35.6%
Gross Profit	86.2	59.7	44.2%	86.2	82.0	5.2%	210.9	209.4	0.7%
Gross Profit Margin %	12.3%	13.5%	-1.2%	12.3%	19.8%	-7.4%	13.5%	17.4%	-3.9%
SG&A	109.6	47.7	129.5%	109.6	40.5	170.5%	204.3	115.8	76.4%
Other income	4.7	3.8	23.0%	4.7	3.5	34.1%	10.2	9.1	12.9%
Bargain purchase	0.0	41.2	0.0%	0.0	0.0	0.0%	41.2	0.0	0.0%
EBITDA	27.5	49.9	-44.8%	27.5	78.4	-64.9%	131.8	201.8	-34.7%
Core EBITDA	83.1	53.4	55.5%	83.1	78.8	5.4%	197.1	202.3	-2.5%
Core EBITDA Margin %	11.9%	12.1%	-0.2%	11.9%	19.0%	-7.1%	12.6%	16.8%	-4.2%
Depreciation and amortization	46.2	34.1	35.6%	46.2	33.4	38.3%	114.9	99.2	15.9%
EBIT	-18.7	15.8	-218.0%	-18.7	45.0	-141.5%	16.9	102.7	-83.6%
Core EBIT	36.9	19.4	90.4%	36.9	45.4	-18.8%	82.2	103.1	-20.3%
Core EBIT Margin %	5.3%	4.4%	0.9%	5.3%	10.9%	-5.7%	5.3%	8.6%	-3.3%
Finance cost	14.7	2.1	608.7%	14.7	0.0	245333.3%	16.9	0.2	7399.6%
Profit Before Tax	-33.4	54.9	-160.8%	-33.4	45.0	-174.3%	41.2	102.5	-59.8%
Core Profit Before Tax	22.1	17.3	28.1%	22.1	45.4	-51.2%	65.3	102.9	-36.5%
Core Profit Before Tax Margin %	3.2%	3.9%	-0.7%	3.2%	10.9%	-7.8%	4.2%	8.5%	-4.4%
Income tax expense	-9.0	2.7	-430.7%	-9.0	7.4	-222.6%	-3.1	15.9	-119.5%
Net Profit	-24.4	52.2	-146.7%	-24.4	37.6	-164.8%	44.3	86.6	-48.9%
Core Net Profit	12.1	13.7	-11.8%	12.1	37.9	-68.0%	46.9	86.9	-46.0%
Core Net Profit Margin %	1.7%	3.1%	-1.4%	1.7%	9.1%	-7.4%	3.0%	7.2%	-4.2%

Note: SG&A is selling, general and administrative expense. EBIT is earnings before interest and tax. EBITDA is earning before interest, tax, depreciation and amortization.

Consolidated Earnings

- TPAC Q3'18 Core EBITDA THB 83.1m, increase 55.5% and 5.4% versus previous quarter and same period last year respectively (note that Q3'17 was a record quarter for TPAC last year primarily due to a expanded raw material spread).

- The merger of Sunrise Containers into TPAC Packaging India successfully completed on the 28th of August'18.
- With the merger, there have been 33 days of the former 'Sunrise Containers' earnings that get now reflected into 'TPAC Packaging Indias' Q3 earnings (from the 29th of August up to quarter end of 30th September 2018).
- Interests costs are currently high but with the scheduled paydown of debt starting next year, interest will begin to reduce and flow to our bottom line.
- We separately discuss operational performance by our 2 respective geographies below for a better understanding of our consolidated results.

Thailand Operations

THB Million	Q3'18	Q2'18	% Δ from Q2'18	Q3'18	Q3'17	%Δ from Q3'17	9M'18	9M'17	% Δ
Sales	489.6	442.0	10.8%	489.6	414.9	18.0%	1,349.9	1,204.4	12.1%
Cost of sales	428.3	381.3	12.3%	428.3	333.0	28.6%	1,162.9	995.0	16.9%
Gross Profit	61.3	60.7	0.9%	61.3	82.0	-25.2%	187.0	209.4	-10.7%
Gross Profit Margin %	12.5%	13.7%	-1.2%	12.5%	19.8%	-7.2%	13.9%	17.4%	-3.5%
SG&A	50.2	46.5	7.9%	50.2	40.5	24.0%	140.0	115.8	20.9%
Other income	3.9	3.8	2.1%	3.9	3.5	11.3%	9.1	9.1	0.1%
Bargain purchase	0.0	41.2	N/A	0.0	0.0	N/A	41.2	0.0	N/A
EBITDA	47.6	52.1	-8.7%	47.6	78.4	-39.3%	157.3	201.8	-22.1%
Core EBITDA	50.3	54.9	-8.4%	50.3	78.8	-36.2%	166.4	202.3	-17.7%
Core EBITDA Margin %	10.3%	12.4%	-2.2%	10.3%	19.0%	-8.7%	12.3%	16.8%	-4.5%
Depreciation and amortization	32.6	34.1	-4.4%	32.6	33.4	-2.5%	101.3	99.2	2.2%
EBIT	15.0	18.0	-16.9%	15.0	45.0	-66.7%	56.0	102.7	-45.4%
Core EBIT	17.7	20.9	-15.1%	17.7	45.4	-61.0%	65.1	103.1	-36.8%
Core EBIT Margin %	3.6%	4.7%	-1.1%	3.6%	10.9%	-7.3%	4.8%	8.6%	-3.7%
Finance cost	7.4	0.6	1088%	7.4	0.0	123084.2%	8.1	0.2	3492.5%
Profit Before Tax	7.6	58.6	-87.0%	7.6	45.0	-83.1%	89.1	102.5	-13.0%
Core Profit Before Tax	10.3	20.2	-49.0%	10.3	45.4	-77.3%	57.0	102.9	-44.6%
Core Profit Before Tax Margin %	2.1%	4.6%	-2.5%	2.1%	10.9%	-8.8%	4.2%	8.5%	-4.3%
Income tax expense	-0.6	2.7	-122.8%	-0.6	7.4	-108.5%	5.3	15.9	-66.7%
Net Profit	8.2	55.8	-85.3%	8.2	37.6	-78.1%	83.8	86.6	-3.2%
Core Net Profit	10.4	16.9	-38.7%	10.4	37.9	-72.6%	49.9	86.9	-42.5%
Core Net Profit Margin %	2.1%	3.8%	-1.7%	2.1%	9.1%	-7.0%	3.7%	7.2%	-3.5%

- Q3'18 Core EBITDA THB 50.3m, 8.4% decrease versus previous quarter and decrease 36.2% versus the same period last year (Q3'17 last year was a record quarter for TPAC primarily due to a outsized raw material spread).
- In Q3'18 management took a provision for a provision equal to THB 3m for an overdue receivable.
- However so far this year, a squeezed raw material spread has been a challenge due to the fast and sudden rise experienced in the oil markets (crude oil has gone from ~ USD 50 at end of Q3'17 last year to USD 75 as at the end of Q3 '18).
- As our feedstocks are plastic olefins derived from ethylene, their price tends to trend in the same direction as crude oil.
- In Thailand our cost of feedstock (HDPE, PP, PET etc) was 17% higher then the same period last year.
- Q3'18 saw another sharp rise in raw material prices for the third consecutive quarter.
- During the quarter Mmanagement actively engaged with our customers to reset the base raw material price for which our sales prices are based off. By around the mid point of Q3, the raw material price was reset.
 - Approximately half of our business operates via a formulaic lookback mechanism where the selling resin price for automatically resets in accordance with the published resin price index. The rest of sales involve a discussion with our customers to mutually agree the resin price reset.
- Q3'18 raw material spread therefore still inferior to same period last year, but nevertheless management has been able to improve our spread by reseeting prices with customers half way through Q3. This has yielded a improved raw material spread compared to Q2'18.
- However volumes in Q3'18 were also slower compared to Q2'18 with a 6% decrease compared to the period before.

Indian Operations

THB (Million)	P&L after merged (29 Aug - 30 Sep'18)	P&L of Sunrise	
		Containers FY'18 (Prorate to 33 days)	% Δ
Sales	214.6	177.6	20.9%
Cost of sales	190.7	140.0	36.2%
Gross Profit	23.9	37.5	-36.3%
Gross Profit Margin %	11.1%	21.1%	-10.0%
SG&A	59.8	18.0	232.0%
Other income	1.4	1.1	31.6%
EBITDA	-20.9	30.3	-168.8%
Core EBITDA	32.0	30.3	5.3%
Core EBITDA Margin %	14.9%	17.1%	-2.2%
Depreciation and amortization	13.6	9.7	39.9%
EBIT	-34.5	20.6	-267.4%
Core EBIT	18.3	20.6	-11.0%
Core EBIT Margin %	8.5%	11.6%	-3.1%
Finance cost	8.8	0.7	809.9%
Profit Before Tax	-43.3	19.9	-317.4%
Core Profit Before Tax	9.5	19.9	-52.0%
Core Profit Before Tax Margin %	4.4%	11.2%	-6.8%
Income tax expense	-8.4	6.8	N/A
Net Profit	-34.9	13.1	-367.1%
Core Net Profit	-0.5	13.1	-104.2%
Core Net Profit Margin %	-0.3%	7.4%	-7.6%

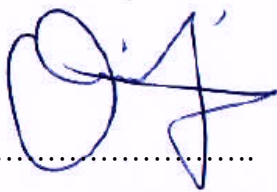
- The merger of Sunrise Containers into TPAC Packaging India successfully occurred on the 28th of August'18.
- With the merger, there have been 33 days of earnings that get reflected into TPAC Indias Q3 earnings (from the 29th of August up to quarter end of 30th September 2018).
- The column on the left reflects these 33 days of earnings, resulting in a Core EBITDA of THB 32.0m.

- The column on the right shows the P&L for Sunrise during the past financial year, for year ending March'18 as per Indian financial year, prorated for a period of 33 days.
- The month of September has been a robust month with Core EBITDA 5.3% higher than the prorated Core EBITDA period for the previous financial year.
- Core numbers exclude THB 52.8 m which relate to 1 off expenses related to M&A closing items and fees.
- We should not read too much into the ~ 1 month of earnings, but nevertheless this start in India is encouraging.
- Our new Indian team lead by our newly appointed CEO has also done well to work with their counterparts in Thailand for the first time and together we have ensured a smooth transition in 1) evolving to become a subsidiary of a publicly listed company and changing the auditors (Ernst and Young are now also TPAC India auditors) 2) changing our company name from 'Sunrise Containers' to 'TPAC Packaging India' and the updating and all company documentation to reflect the same (it is important we build brand TPAC Packaging) 3) developing management reporting packages for head office review in Bangkok. All these tasks that have demonstrated energy and focus by our teams working tirelessly together for the first time across borders.

Consolidated Balance Sheet

THB Million	As at 30 Sep'18	As at 31 Dec'17	% Δ
Cash and cash equivalents	45.3	105.6	-57.1%
Trade and other receivables	849.3	411.1	106.6%
Inventories	312.5	114.4	173.3%
Other current assets	32.5	29.3	10.7%
Total current assets	1,239.7	660.4	87.7%
Restricted bank deposits	29.6	0.0	N/A
Property, plant and equipment	1,140.8	547.1	108.5%
Excess of acquisition cost over estimated value of interest acquired in net assets from amalgamation of the subsidiary	1,394.6	0.0	N/A
Advance for purchase of molds	12.9	7.2	80.6%
Other assets	71.8	58.7	22.4%
Total assets	3,889.4	1,273.4	205.4%
Short term loans	294.0	0.0	N/A
Trade and other payables	308.7	180.1	71.4%
Current portion of loans	179.7	0.0	N/A
Other current liabilities	29.1	7.5	287.9%
Total current liabilities	811.5	187.6	332.5%
Non-current portion of loans	1,242.7	0.0	N/A
Debentures	549.5	0.0	N/A
Other liabilities	59.7	21.2	181.7%
Total liabilities	2,663.4	208.8	1175.4%
Issued and paid-up capital	253.8	253.8	0.0%
Premium on ordinary shares	302.9	302.9	0.0%
Retained earnings	549.6	507.8	8.2%
Other components of shareholders' equity	-71.7	0.0	N/A
Equity attributable to owners of the Company	1,034.6	1,064.5	-2.8%
Non-controlling interests of the subsidiaries	191.3	0.0	N/A
Total shareholders' equity	1,226.0	1,064.5	15.2%
Total liabilities and shareholders' equity	3,889.4	1,273.4	205.4%

- TPAC Consolidated Net Debt to Equity now at 1.8x.
- Management feels comfortable with this leverage ratio and the scheduled deleveraging plan.
- Assets have increased by 205.4%.
- Other components of shareholder equity is mainly our translation gain/loss for the amount funded in Rupees.
- Non controlling interest of the subsidiaries relates to the book value of the 20% stake in TPAC India held by our JV partners.



(Kevin Kumar Sharma)

Chairman