

THAI PLASPAC PUBLIC COMPANY LIMITED “TPAC”

Management Discussion and Analysis for Q2’2016 and 6M’2016 ended on 30th June 2016

Profit and Loss

million ฿	% Δ '16 vs '15	Q2'16	Q2'15	% Δ '16 vs '15	2016-6 M	2015-6 M
Sales	-4.9%	377.2	396.6	-6.5%	755.2	808.0
Cost of sales	-7.1%	314.3	338.3	-6.9%	629.9	676.5
Gross Profit	7.9%	62.9	58.3	-4.7%	125.3	131.5
Gross Profit Margin %	2.0%	16.7%	14.7%	0.3%	16.6%	16.3%
SG&A	8.9%	34.1	31.3	8.7%	67.5	62.1
Other income	-46.9%	1.37	2.6	5.3%	5.2	5.0
EBITDA	5.0%	61.6	58.7	-8.9%	126.2	138.5
EBITDA Margin %	1.5%	16.3%	14.8%	-0.4%	16.7%	17.1%
Depreciation and amortization	8.1%	31.5	29.2	-1.6%	63.1	64.2
EBIT	2.1%	30.1	29.5	-15.2%	63.0	74.3
EBIT Margin %	0.5%	8.0%	7.4%	-0.8%	8.3%	9.2%
Interest expense	-89.8%	0.2	2.4	-64.3%	1.9	5.3
Profit Before Tax	10.2%	29.9	27.1	-11.4%	61.2	69.1
Income tax expense	8.2%	6.2	5.7	-15.8%	12.0	14.2
Net profit	10.7%	23.7	21.4	-10.3%	49.2	54.8
Net Profit Margin %	0.9%	6.3%	5.4%	-0.3%	6.5%	6.8%

Note: SG&A is selling, general and administrative expenses. EBIT is earnings before interest and tax. EBITDA is earnings before interest, tax and depreciation and amortization. Sales included the exchange gain for Q2'15 of 1.1mb., 1st half 2015 of 0.9mb. and Q2'16 of 0.05 and 1st half 2016 nil.

- **TPAC in Q2'16 reports double digit earnings growth against the same period last year.**
- **Net Profit of ฿23.7 MM, 11% increase over the same period last year.**
 - Net Profit margin 6.3%, 90 basis points increase over same period last year
- Gross Profit and EBITDA were also both higher in Q2'16 against same period last year.
- Gross Profit ฿62.9MM, an 8% increase to same period last year.
 - Gross Profit margin 16.7%, 200 basis points margin improvement to same period last year.
- EBITDA ฿61.6MM, a 5% increase to same period last year.
 - EBITDA margin 16.3%, 150 basis points margin improvement to same period last year.

- TPAC top line sales lower in Q2'16 compared to the same period last year as a result of the raw material pass-through pricing mechanic. Underlying polyolefin raw material prices are lower for the relevant period in 2016 as compared to the same period in 2015 and this is reflected in the top line sales,
- TPAC Margin normalization occurred in Q2'16 as underlying polyolefin raw material prices were less volatile during the quarter and this resulted in a reduced gap between selling product prices and actual raw material purchased prices.
- Interest Expenses also reduced due to continuing successful deleveraging of the company's balance sheet.
- All bank loans have been fully repaid from a combination of strong free cash flow from operations as well as the successful exercise of the warrants, TPAC-W1, in March 2016 and in May 2016.
- After a slow start to Q1'16 due to sluggish domestic consumption, Q2'16 has seen a pick up in customer orders, which is a positive trend.
- In view of the Company's better financial performance and the board of directors has recommended an interim dividend of Baht 0.10 per share to be paid on September 8, 2016. The book closing date will be held on 26 August 2016

Balance Sheet

million D	% Δ '16 vs '15	As at 30-Jun-16	As at 31-Dec-15
Cash and cash equivalents	137.0%	8.8	3.7
Trade and other receivables	7.2%	383.0	357.3
Inventories	-0.3%	89.8	90.0
Other current assets	89.4%	4.2	2.2
Total current assets	7.2%	485.7	453.2
Property, plant and equipment	-2.6%	533.9	548.0
Advance for purchase of molds	-38.4%	45.1	73.3
Other assets	10.7%	92.9	84.0
Total assets	-0.1%	1,157.7	1,158.5
Short term loans	-100.0%	0.0	51.2
Trade and other payables	-24.8%	152.3	202.4
Current portion of loans	-100.0%	0.0	37.3
Other current liabilities	-47.0%	6.3	11.9
Total current liabilities	-47.6%	158.6	302.9
Non-current portion of loans	-100.0%	0.0	73.8
Other liabilities	31.9%	18.4	14.0
Total liabilities	-54.7%	177.1	390.7
Registered share capital	0.0%	255.0	255.0
Issued and paid-up capital	21.6%	253.8	208.8
Retained earnings	-2.9%	398.4	410.5
Other reserves	121.1%	328.4	148.5
Total shareholders' equity	27.7%	980.6	767.8
Total liabilities and shareholders' equity	-0.1%	1,157.7	1,158.5

- TPAC financial position remains robust.
- Balance Sheet is well positioned for management to move swiftly to capitalize on growth opportunities as they present themselves.
- TPAC strong free cash flow generation in combination with successful warrant subscription program has enabled a full pay down of bank debt.
- Total pay down of bank debt over past 6 months equal to ₺ 162.3MM
- Net debt to equity now negative due to zero bank debt and a small positive cash balance.
- Current ratio has increased from 1.7 times to 3.1 times
- TPAC warrant, TPAC-W1, program now complete with 97.6% of the warrants successfully exercised.

	Issued	Exercise Price (Baht)	Exercised before 2016	Exercised on 31/3/2016	Exercised on 19/5/2016	Total Exercised in 2016	Unexercised
TPAC-W1	50,000,000	5.0	4,099,919	28,638,900	16,078,876	44,717,776	1,182,305
% exercised			8.2%	57.3%	32.2%	89.4%	2.4%
Cash from Warrants (Baht)			20,499,595	143,194,500	80,394,380	223,588,880	5,911,525
TPAC ESOP	5,000,000	4.0	4,666,500	264,500	69,000	333,500	0
% exercised			93.3%	5.3%	1.4%	6.7%	0.0%
Cash from ESOP (Baht)			18,666,000	1,058,000	276,000	1,334,000	0

- Issued and paid-up capital have increased by ฿45.1MM over the past 6 months of 2016, this being equal to the number of warrants and ESOPs that were exercised throughout the year, each with a par value of ฿1.
- Other reserves increased by 121.1% attributable to the share premium on exercise of the warrants.
- Shareholders' equity ฿980.6MM, increasing by 27.7% or ฿212.8 MM comprising:
 - ฿224.9 MM cash injection via the successful exercise of a portion of the company's warrants (TPAC-W1 and TPAC ESOP)¹.
 - ฿59.4MM paid out as annual dividend for year 2015 from retained earnings.
 - ฿47.3 MM increase in retained earnings from net profit for 6M' 16, net of balance sheet items.

¹ TPAC-W1 with ฿ 5.00 strike and optional maturity dates 21st May-2016. 44,717,776 number of TPAC-W1 warrants were exercised in H1-2016 with total value of ฿223.59MM Baht

TPAC ESOP with ฿ 4.00 strike and optional maturity dates of 21st May-2016. 333,500 number of TPAC-W1 warrants were exercised in H1-2016 with total value of ฿1.33MM Baht.

Cash Flow (Baht'000)

	Period Beginning From Up To Period Ending	01-Jan-16 30th June 2016
Cash and Cash Equivalents - Beginning period Balance		3,693
Cash flow from Operating Activities		
Profit Before Tax		61,172
Adjustments: Depreciation and Amortisation		63,147
Adjustments: Other adjustments ⁽²⁾		4,253
Profit from operating activities before changes to working capital		128,572
Net changes to Working Capital		-81,558
Cash flows from Operating Activities		47,014
Cash paid for corporate income tax		-20,100
Net Cash Flows from Operating Activities		26,914
Cash flow from Investing Activities		
Acquisition of Machinery		-23,088
Interest income		25
Proceeds from equipment sales		22
Net Cash Flow used in Investing Activities		-23,041
Cash flow from Financing Activities		
Cash from Warrants		224,923
Repayment in long-term loans		-110,789
Dividend Paid Out		-59,418
Decrease in short-term bank loans		-51,185
Interest Expense		-1,989
Repayment of finance lease payments		-357
Net Cash Flow from Financing Activities		1,185
Increase in Cash and Cash Equivalents		5,058
Cash and Cash equivalents - Closing Period Balance		8,751

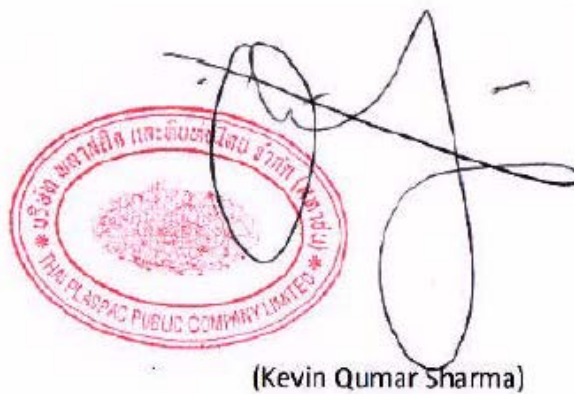
- TPAC continues to generate steady and positive cash flow from operations.
- Cash flow from operating activities ฿128.6 million is sufficient to fund net cash outflow for working capital and corporate tax ฿101.6 million and net cash outflow for investing activities ฿23.0 million. Free cash flow remains positive.
- Managements commitment to investing into world class rigid plastic technologies firm, and for the first 6 months of this year ฿23 MM incurred on new machines.
- The company has a cash balance at the end of June-2016 at ฿8.8 MM.

² Other adjustments include other non-cash items such as gain on sale of equipment, foreign exchange movements, inventory revaluations, long-term employee benefits and interest income & expenses.

Ratios

Liquidity Ratio	Q2'16	Q2'15
Current Ratio	3.1	1.7
Leverage Ratio	Q2'16	Q2'15
Net Debt / Equity	-0.01	0.6
Interest Bearing Debt / Equity	0.0	0.3
Interest Coverage Ratio	123.0x	12.3x
Debt Service Coverage Ratio	251.6x	2.6x

- TPAC balance sheet debt free with healthy free cash flows being generated from operations.
- Financing ratios robust and further strengthened this quarter.



(Kevin Kumar Sharma)

Chairman of Board of Director and Chief Executive Officer

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Notes

Always read MD&A together with the published financial statements to get complete details and understanding.

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The statements included herein contain “forward-looking statements” about the [financial condition and results of operations] of Thai Plaspac Public Company Limited (the “Company”), which are based on management’s current beliefs, assumptions, expectations and projections about future economic performance and events, considering the information currently available to the management. Any statements preceded by, followed by or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “would”, “plans”, “could”, “should”, “predicts”, “projects”, “estimates”, “foresees” or similar expressions or the negative thereof, identify or signal the presence of forward-looking statements as well as predictions, projections and forecasts of the economy or economic trends of the markets, which are not necessarily indicative of the future or likely performance of the Company. Such forward-looking statements, as well as those included in any other material discussed at the presentation, are not statements of historical facts but concern future circumstances and results and involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the actual results, performance or achievements of the Company to be materially different from the expectations of future results, performance or achievements expressed or implied by such forward-looking statements.

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