

THAI PLASPAC PUBLIC COMPANY LIMITED "TPAC"
Management Discussion and Analysis for the 3 and 9 month periods ended 30 September 2017
Profit and Loss

THB Million	Q3'17	Q2'17	% Change from Q2'17	Q3'17	Q3'16	% Change from Q3'16	9M'17	9M'16	% Change from last year
Sales	414.9	396.7	4.6%	414.9	382.8	8.4%	1,204.4	1,138.0	5.8%
Cost of sales	333.0	331.1	0.6%	333.0	324.0	2.8%	995.0	953.9	4.3%
Gross Profit	82.0	65.6	24.9%	82.0	58.8	39.5%	209.4	184.1	13.8%
Gross Profit Margin %	19.8%	16.5%	3.2%	19.8%	15.4%	4.4%	17.4%	16.2%	1.2%
SG&A	40.5	37.7	7.5%	40.5	34.6	17.1%	115.8	102.1	13.4%
Other income	3.5	3.5	-0.5%	3.5	2.2	56.6%	9.1	7.5	21.4%
EBITDA	78.4	64.3	22.0%	78.4	59.7	31.3%	201.8	185.9	8.6%
EBITDA Margin %	18.9%	16.2%	2.7%	18.9%	15.6%	3.3%	16.8%	16.3%	0.4%
Depreciation and amortization	33.4	32.8	2.0%	33.4	33.3	0.4%	99.2	96.4	2.9%
EBIT	45.0	31.5	42.8%	45.0	26.4	70.2%	102.7	89.5	14.8%
EBIT Margin %	10.8%	7.9%	2.9%	10.8%	6.9%	3.9%	8.5%	7.9%	0.7%
Interest expense	0.0	0.1	-93.2%	0.0	0.0	-33.3%	0.2	1.9	-88.1%
Profit Before Tax	45.0	31.4	43.2%	45.0	26.4	70.2%	102.5	87.6	17.0%
Income tax expense	7.4	5.7	28.1%	7.4	5.2	41.7%	15.9	17.2	-7.5%
Net Profit	37.6	25.7	46.5%	37.6	21.2	77.2%	86.6	70.4	23.0%
Net Profit Margin %	9.1%	6.5%	2.6%	9.1%	5.5%	3.5%	7.2%	6.2%	1.0%

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.

- TPAC Q3'17 Net Profit at **฿37.6 million**, 47% increase versus previous quarter and 77% increase versus same period last year.
 - YTD Q3'17 Net Profits at **฿86.6 million**, 23% ahead of last year.
- TPAC Q3'17 EBITDA a record high at **฿78.4 million**, 22% increase versus previous quarter and 31% increase versus same period last year.
 - YTD Q3'17 EBITDA at **฿201.8 million** 9% ahead of last year.
- Q3'17 solid quarter as a result of organic volume growth with Q3'17 volumes up 9% versus previous quarter and 6% versus same period last year.

- Factors giving TPAC positive momentum this year include:
 - TPACs top-tier positioning within Thailand’s rigid plastic packaging. With our 34-year track record in delivering packaging solutions, we are an established trusted partner within our customers supply chain.
 - Note that our rigid plastic packaging industry remains healthy with plastics the fastest growing packaging segment when compared to other packaging materials such as glass, aluminium, paper etc.
 - Our strategy to stay focused on a diversified set of consumer companies operating across sectors such as food & beverage, personal & home care has resulted in a non-cyclical defensive earnings profile less susceptible to economic shocks, whilst still delivering year on year healthy organic growth.
 - Our products are customised to offer unique packaging solutions to our consumer customer base. With continued investment into our R&D platform, we have been able to offer differentiated and trusted consumer packaging solutions often with shortened lead times. This has won us new customer relationships and allowed us to deepen our penetration with existing customers.
 - Relentless focus on cost excellence. TPAC has over the past 12 months studied and implemented cost excellence measures across the areas of manpower optimization and energy saving initiatives ensuring we maintain highest levels of cost competitiveness.
- In summary, in Q3’17 TPAC achieved a record EBITDA quarter at **฿78.4 million.**
- As a top-tier player within our space in Thailand, TPAC is well positioned to build on our positive momentum.

Balance Sheet

THB Million	As at 30 Sep'17	As at 31 Dec'16	% Δ
Cash and cash equivalents	40.4	6.0	576.1%
Trade and other receivables	442.9	392.9	12.7%
Inventories	95.0	113.1	-16.0%
Other current assets	5.9	33.4	-82.2%
Total current assets	584.2	545.4	7.1%
Property, plant and equipment	567.3	569.8	-0.4%
Advance for purchase of molds	36.1	80.4	-55.1%
Other assets	62.5	66.1	-5.4%
Total assets	1,250.1	1,261.6	-0.9%
Short term loans	0.0	55.0	-100.0%
Trade and other payables	170.6	166.9	2.2%
Current portion of loans	0.0	0.0	0.0%
Other current liabilities	13.7	10.7	28.3%
Total current liabilities	184.3	232.6	-20.8%
Non-current portion of loans	0.0	0.0	0.0%
Other liabilities	22.2	18.6	19.3%
Total liabilities	206.4	251.2	-17.8%
Issued and paid-up capital	253.8	253.8	0.0%
Retained earnings	461.4	428.2	7.8%
Other reserves	328.4	328.4	0.0%
Total shareholders' equity	1,043.7	1,010.4	3.3%

Liquidity Ratio	30 Sep'17	31 Dec'16
Current Ratio	3.2	2.3
Leverage Ratio	30 Sep'17	31 Dec'16
Net Debt / Equity	-0.0	0.0
Interest Bearing Debt / Equity	0.0	0.1

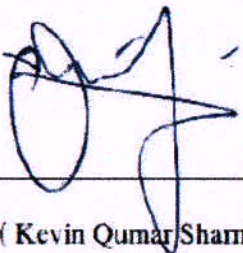
- TPAC Retained earnings further strengthened this year at **฿461.4 million**, with 8% increase.
- This has resulted in 3% increase in Shareholders' equity to **฿1043.7 million**.
- With generation of healthy free cash flows, long term and short-term bank debt fully paid down and cash in hand as of Sept'17 at **฿40.4 million**.
- Current ratio as of Sept'17 at 3.2x, a significant increased from 2.3x at end 2016.

Cash Flow

THB Million	For the period from 01 Jan 2017 to 30 Sep 2017
Cash and Cash Equivalents - Beginning period Balance	6.0
Cash flow from Operating Activities	
Profit Before Tax	102.5
Adjustment : Depreciation and Amortisation	99.2
Adjustment : Other adjustments	2.9
Profit from operating activities before changes to working capital	204.5
Net changes to working capital	-43.4
Cash flows from Operating Activities	161.1
Cash received from corporate income tax	48.0
Cash paid for corporate income tax	-30.9
Net Cash Flows from Operating Activities	178.2
Cash flow from Investing Activities	
Acquisition of Fixed Assets	-43.1
Proceeds from equipments sales	7.8
Interest Received	0.0
Net Cash Flow used in Investing Activities	-35.3
Cash flow from Financing Activities	
Dividend Paid Out	-53.3
Decrease in short-term bank loans	-55.0
Interest Expense	-0.2
Net Cash Flow from Financing Activities	-108.6
Change in Cash and Cash Equivalents	34.4
Cash and Cash equivalents - Closing Period Balance	40.4

- TPAC continues to generate visible and positive free cash flow from our operations.
- Cash flow from operating activities before changes to working capital were **฿204.5 million**, sufficient to fund net cash outflow for working capital and corporate tax.
- Refund for prepaid income tax received of **฿ 48 million** leaving a surplus of **฿178.2 million net** cash from operating activities.

- TPAC has paid out total dividend sum of **฿53.3 million** in 2017. This comprises:
 - 2016 final dividend of 0.11 satang per share, declared in February '17 (paid out in May '17)
 - 2017 Interim dividend of 0.10 satang per share, declared in August '17 (paid out in September '17).
- TPAC has also paid down bank loans totalling ฿ 55 million in 2017.
- In summary, post all dividends pay outs, capex investing and reduction of financing liabilities, TPAC has a cash balance at the end of Sept '17 of **฿40.4 million** as generated from our operations.



(Kevin Kumar Sharma)

Chairman

