

THAI PLASPAC PUBLIC COMPANY LIMITED “TPAC”
Management Discussion and Analysis for Year Ending 2016.

Profit and Loss

million	% Δ '16 vs '15	2016	2015
Sales	-3.8%	1,523.8	1,584.2
Cost of sales	-4.9%	1,266.3	1,331.5
Gross Profit	1.9%	257.5	252.7
Gross Profit Margin %	0.9%	16.9%	15.9%
SG&A	12.4%	139.5	124.1
Other income	-11.2%	10.4	11.7
EBITDA	-4.5%	257.1	269.2
EBITDA Margin %	-0.1%	16.9%	17.0%
Depreciation and amortization	-0.1%	128.8	128.9
EBIT	-8.5%	128.3	140.3
EBIT Margin %	-0.4%	8.4%	8.9%
Interest expense	-78.9%	2.0	9.3
Profit Before Tax	-3.5%	126.3	130.9
Income tax expense	-19.8%	21.4	26.7
Net profit	0.7%	104.9	104.2
Net Profit Margin %	0.3%	6.9%	6.6%

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.

- Net Profit ฿104.9 MM Baht, a 0.7% YoY increase.
 - The Net Profit Margin increased to 6.9% in 2016 from 6.6% in 2015 partially attributable to reduction in interest costs due to repayment of all Long-term debts in 2016.
 - In terms of our market dynamics, the rigid plastic packaging market continues to grow fueled by local consumer trends and as a result of TPACs long established 33 years leadership track record, TPAC made strong wins of new projects in 2016 and management is optimistic this momentum will continue into 2017.
- TPAC has also recorded another year of positive volume growth
 - Sales volumes increased 1% YoY despite a slow start to 2016.

- In 2016 management invested a further ฿123.3 MM of growth capex into new machinery and molds and most of the volume growth from these investments are expected to yield results in 2017 as production from these projects comes on line.
 - As TPAC moves into the packaging space which demand increased levels of technical complexity due to the large volumes (high speed production) and certain non-standard product specifications, this has resulted in more sophisticated moulds, machinery, robotic take-out systems and inherently more stringent product qualification procedures.
 - This in turn results in a longer lead time to commercial production, therefore some 2016 project wins will only begin commercial production in 2017.
 - Management is also further strengthening our R&D platform and mould shop capabilities to shorten this lead time in 2017 ensuring we deliver best in class service to our customers.
- Top line Sales lower YoY attributable to lower underlying raw material costs.
 - TPAC 2016 Gross Profit increased to ฿257.5MM in 2016 from ฿252.7MM in 2015.
 - Gross Profit Margin widened 100 basis points to 16.9% because of the higher sales volumes achieved.
 - 2016 EBITDA ฿257.1MM Baht
 - EBITDA Margins are steady at 16.9% against 17.0% in 2015 but EBITDA 4.5% lower YoY due to increased SG&A costs.
 - Increased SG&A partially attributable to an increase in executive management personnel and their associated payroll.
 - Additional management expertise were brought on board in 2016 to prepare TPAC for our inorganic (M&A) growth aspirations (management continues to study areas of growth that will result in synergies for our business) and our increased operational excellence focus.
 - Newly formed Operational excellence program with clearly laid out KPIs will target an optimization in SG&A costs throughout the course of 2017.

Balance Sheet

million	% Δ '16 vs '15	As at 31-Dec-16	As at 31-Dec-15
Cash and cash equivalents	61.7%	6.0	3.7
Trade and other receivables	10.0%	392.9	357.3
Inventories	25.7%	113.1	90.0
Other current assets	1411.3%	33.4	2.2
Total current assets	20.3%	545.4	453.2
Property, plant and equipment	4.0%	569.8	548.0
Advance for purchase of molds	9.7%	80.4	73.3
Other assets	-21.3%	66.1	84.0
Total assets	8.9%	1,261.6	1,158.5
Short term loans	7.5%	55.0	51.2
Trade and other payables	-17.6%	166.9	202.4
Current portion of loans	-100.0%		37.3
Other current liabilities	-10.7%	10.7	11.9
Total current liabilities	-23.2%	232.6	302.9
Non-current portion of loans	-100.0%		73.8
Other liabilities	33.0%	18.6	14.0
Total liabilities	-35.7%	251.2	390.7
Registered share capital	0.0%	255.0	255.0
Issued and paid-up capital	21.6%	253.8	208.8
Retained earnings	4.3%	428.2	410.5
Other reserves	121.1%	328.4	148.5
Total shareholders' equity	31.6%	1,010.4	767.8
Total liabilities and shareholders' equity	8.9%	1,261.6	1,158.5

- TPAC balance sheet further strengthened this year with 8.9% increase in Total Assets.
- The continued strong free cash flow generation in combination with the successful warrant subscription program has enabled a full pay down of long term bank debt.
- Current ratio as of end 2016 now at 2.3x, a significant increase from 1.5x at end 2015.
- Shareholders' equity 31.6 % higher at ₱1010.4 MM, an increase of ₱242.6 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 and ₱25.4MM paid out from earnings of first half of 2016 as interim dividend in Q3-2016.
 - ₱102.5MM increase in retained earnings from net profit for 2016, 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-ESOP warrants were exercised in H1-2016 with total value of ฿1.33MM Baht.

Cash Flow (Baht 'MM)

Million Baht	Period Beginning From Up To Period Ending	01-Jan-16 31st Dec-2016	01-Jan-15 31st Dec-2015
Cash and Cash Equivalents - Beginning period Balance		3.7	60.8
Cash flow from Operating Activities			
Profit Before Tax		126.3	130.9
Adjustments: Depreciation and Amortisation		128.8	128.9
Adjustments: Other adjustments ⁽²⁾		5.1	12.4
Profit from operating activities before changes to working capital		260.2	272.2
Net changes to Working Capital		-111.8	-77.2
Cash flows from Operating Activities		148.4	195.0
Cash paid for corporate income tax		-40.8	-44.8
Net Cash Flows from Operating Activities		107.6	150.2
Cash flow from Investing Activities			
Acquisition of Fixed Assets		-136.6	-68.4
Interest income		0.1	0.3
Proceeds from equipment sales		0.5	1.4
Net Cash Flow used in Investing Activities		-135.9	-66.7
Cash flow from Financing Activities			
Cash from Warrants		224.9	33.8
Repayment in long-term loans		-110.8	-78.7
Dividend Paid Out		-84.8	-61.8
Decrease in short-term bank loans		3.7	-22.9
Interest Expense		-2.1	-10.5
Repayment of finance lease payments		-0.4	-0.5
Net Cash Flow from Financing Activities		30.6	-140.6
Increase in Cash and Cash Equivalents		2.3	-57.1
Cash and Cash equivalents - Closing Period Balance		6.0	3.7

- TPAC continues to generate visible and positive free cash flow from our operations. Cash flow from operating activities before changes to working capital ฿260.2 million is sufficient to fund net cash outflow for working capital and corporate tax totaling ฿152.6 million leaving a surplus of ฿107.6 million net cash from operating activities.
- The company has a cash balance at the end of Dec-2016 at ฿6.0 MM.

Ratios

Liquidity Ratio	31-Dec-16	31-Dec-15
Current Ratio	2.3	1.5
Leverage Ratio	31-Dec-16	31-Dec-15
Net Debt / Equity	0.0	0.2
Interest Bearing Debt / Equity	0.1	0.2

- Financing ratios robust and further strengthened this year.
- TPAC is very well positioned in terms of our human capital and balance sheet robustness to move swiftly and capitalize on growth opportunities within the packaging sector.

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Notes

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

Forward-looking Statements

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.

Factors that could contribute to such differences include, but are not limited to: the highly competitive nature of the industries in which the Company operates; exposures to macro-economic, political, legal and regulatory risks; dependence on availability, sourcing and cost of raw materials; ability to maintain cost structure and efficient operation of manufacturing facilities; shortages or disruptions of supplies to customers; operational risks of production facilities; changes in laws and regulations relating to consumer packaging; the impact of environmental, health and safety laws and regulations.

All such factors are difficult or impossible to predict and contain uncertainties that may materially affect actual results.

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