

THAI PLASPAC PUBLIC COMPANY LIMITED “TPAC”

Management Discussion and Analysis for Q2’19

Consolidated

| THB Million | Q2’19 | Q1’19 | % Δ | Q2’19 | Q2’18 | %Δ | 1H2019 | 1H2018 | %Δ |
|--|--------------|--------------|---------------|--------------|--------------|---------------|--------------|--------------|---------------|
| Sales | 936.2 | 996.6 | -6.1% | 936.2 | 442.1 | 111.8% | 1932.8 | 860.4 | 124.6% |
| Cost of sales | 789.7 | 819.4 | -3.6% | 789.7 | 382.3 | 106.6% | 1609.1 | 735.6 | 118.7% |
| Gross Profit | 146.5 | 177.2 | -17.3% | 146.5 | 59.7 | 145.2% | 323.7 | 124.8 | 159.5% |
| Gross Profit Margin % | 15.6% | 17.8% | -2.1% | 15.6% | 13.5% | 2.1% | 16.7% | 14.5% | 2.2% |
| SG&A | 98.8 | 95.0 | 4.0% | 98.8 | 47.7 | 106.9% | 193.8 | 95.1 | 103.9% |
| Other income | 13.3 | 12.1 | 10.5% | 13.3 | 45.0 | -70.3% | 25.4 | 47.0 | -45.9% |
| EBITDA | 129.4 | 160.5 | -19.4% | 129.4 | 91.1 | 42.1% | 289.9 | 145.4 | 99.4% |
| EBITDA Margin % | 13.8% | 16.1% | -2.3% | 13.8% | 20.6% | -6.8% | 15.0% | 16.9% | -1.9% |
| Core EBITDA | 144.5 | 163.3 | -11.5% | 144.5 | 53.5 | 169.9% | 307.8 | 113.4 | 171.4% |
| Core EBITDA Margin % | 15.4% | 16.4% | -1.0% | 15.4% | 12.1% | 3.3% | 15.9% | 13.2% | 2.7% |
| Depreciation and amortization | 68.4 | 66.3 | 3.2% | 68.4 | 34.1 | 100.8% | 134.7 | 68.7 | 96.0% |
| EBIT | 61.0 | 94.2 | -35.2% | 61.0 | 57.0 | 7.1% | 155.3 | 76.7 | 102.4% |
| Core EBIT | 76.1 | 97.1 | -21.6% | 76.1 | 19.5 | 291.0% | 173.2 | 44.7 | 287.3% |
| Core EBIT Margin % | 8.1% | 9.7% | -1.6% | 8.1% | 4.4% | 3.7% | 9.0% | 5.2% | 3.8% |
| Interest expense | 34.4 | 37.8 | -9.1% | 34.4 | 2.1 | 1555.7% | 72.3 | 2.1 | 3263.9% |
| Profit Before Tax | 26.6 | 56.4 | -52.8% | 26.6 | 54.9 | -51.5% | 83.0 | 74.6 | 11.3% |
| Core Profit Before Tax | 41.7 | 59.2 | -29.7% | 41.7 | 17.4 | 139.8% | 100.9 | 42.6 | 137.1% |
| Core Profit Before Tax Margin % | 4.5% | 5.9% | -1.5% | 4.5% | 3.9% | 0.5% | 5.2% | 4.9% | 0.3% |
| Income tax expense | 8.0 | -14.3 | 155.9% | 8.0 | 2.7 | 192.6% | -6.3 | 5.9 | -206.3% |
| Net Profit | 18.6 | 70.7 | -73.6% | 18.6 | 52.2 | -64.3% | 89.3 | 68.6 | 30.1% |
| Net Profit Margin % | 2.0% | 7.1% | -5.1% | 2.0% | 11.8% | -9.8% | 4.6% | 8.0% | -3.4% |
| Core Net Profit | 30.7 | 72.9 | -57.9% | 30.7 | 13.8 | 122.2% | 103.6 | 34.4 | 201.2% |
| Core Net Profit Margin % | 3.3% | 7.3% | -4.0% | 3.3% | 3.1% | 0.2% | 5.4% | 4.0% | 1.4% |
| TPAC Net Profit | 15.6 | 60.0 | -74.0% | 15.6 | 52.2 | -70.1% | 75.6 | 68.6 | 10.1% |
| TPAC Net Profit Margin % | 1.7% | 6.0% | -4.4% | 1.7% | 11.8% | -10.1% | 3.9% | 8.0% | -4.1% |
| TPAC Core Net Profit | 27.6 | 62.3 | -55.6% | 27.6 | 13.8 | 100.2% | 89.9 | 34.4 | 161.4% |
| TPAC Core Net Profit Margin % | 3.0% | 6.2% | -3.3% | 3.0% | 3.1% | -0.2% | 4.7% | 4.0% | 0.7% |

Note: Core numbers exclude 1-time extraordinary expenses. ‘TPAC’ Net Profit refers to profitability post excluding 20% minority interest portion at TPAC India.

| Non-Recurring income/(expenses) (THB Million) | Q2’19 | Q1’19 | Q2’18 | Q1’18 |
|---|--------|-------|-------|-------|
| India/Other Extraordinary 1 time expenses | - | - | (0.8) | (2.0) |
| Thailand Extraordinary 1 time expenses | (15.1) | (2.8) | 38.3 | (3.5) |
| Total | (15.1) | (2.8) | 37.5 | (5.5) |

Earnings Commentary

- TPAC Q2’19 consolidated Core EBITDA Baht 145M, 170% increase to same period last year but -11% down against previous quarter.

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- TPAC Q2'19 consolidated Core Net Profit, 122% increase versus same period last year but -58% down against previous quarter.
- YTD Consolidated Core EBITDA 171% up versus same period last year, and YTD Consolidated Core Net Profit 201% up versus same period last year.
- To understand these results better, we examine our operational performance by individual country (Thailand & India).

Thailand

| THB Million | Q2'19 | Q1'19 | % Δ | Q2'19 | Q2'18 | %Δ | 1H2019 | 1H2018 | %Δ |
|--|--------------|--------------|---------------|--------------|--------------|---------------|--------------|--------------|---------------|
| Sales | 443.1 | 480.6 | -7.8% | 443.1 | 442.0 | 0.2% | 923.7 | 860.3 | 7.4% |
| Cost of sales | 373.4 | 399.5 | -6.5% | 373.4 | 382.3 | -2.3% | 773.0 | 735.5 | 5.1% |
| Gross Profit | 69.6 | 81.1 | -14.1% | 69.6 | 59.7 | 16.5% | 150.7 | 124.7 | 20.8% |
| Gross Profit Margin % | 15.7% | 16.9% | -1.2% | 15.7% | 13.5% | 2.2% | 16.3% | 14.5% | 1.8% |
| SG&A | 56.4 | 49.4 | 14.0% | 56.4 | 46.9 | 20.1% | 105.8 | 91.0 | 16.3% |
| Other income | 4.1 | 2.6 | 61.0% | 4.1 | 3.8 | 7.6% | 6.7 | 5.9 | 13.7% |
| EBITDA | 50.6 | 65.0 | -22.2% | 50.6 | 50.7 | -0.3% | 115.5 | 108.4 | 6.6% |
| EBITDA Margin % | 11.4% | 13.5% | -2.1% | 11.4% | 11.5% | -0.1% | 12.5% | 12.6% | -0.1% |
| Core EBITDA | 65.6 | 67.8 | -3.2% | 65.6 | 53.6 | 22.5% | 133.4 | 114.7 | 16.3% |
| Core EBITDA Margin % | 14.8% | 14.1% | 0.7% | 14.8% | 12.1% | 2.7% | 14.4% | 13.3% | 1.1% |
| Depreciation and amortization | 33.2 | 30.8 | 7.9% | 33.2 | 34.1 | -2.6% | 64.0 | 68.7 | -6.9% |
| EBIT | 17.4 | 34.2 | -49.2% | 17.4 | 16.7 | 4.3% | 51.6 | 39.7 | 30.0% |
| Core EBIT | 32.4 | 37.0 | -12.5% | 32.4 | 19.5 | 66.4% | 69.5 | 46.0 | 51.0% |
| Core EBIT Margin % | 7.3% | 7.7% | -0.4% | 7.3% | 4.4% | 2.9% | 7.5% | 5.3% | 2.2% |
| Interest expense | 14.6 | 14.8 | -1.3% | 14.6 | 0.6 | 2248.8% | 29.4 | 0.7 | 4152.4% |
| Profit Before Tax | 2.8 | 19.4 | -85.8% | 2.8 | 16.0 | -82.8% | 22.2 | 39.0 | -43.2% |
| Core Profit Before Tax | 17.8 | 22.2 | -19.9% | 17.8 | 18.9 | -5.6% | 40.1 | 45.3 | -11.6% |
| Core Profit Before Tax Margin % | 4.0% | 4.6% | -0.6% | 4.0% | 4.3% | -0.2% | 4.3% | 5.3% | -0.9% |
| Income tax expense | -0.7 | 2.0 | -132.8% | -0.7 | 2.7 | -124.5% | 1.4 | 5.9 | -76.8% |
| Net Profit | 3.4 | 17.4 | -80.2% | 3.4 | 13.3 | -74.2% | 20.8 | 33.1 | -37.1% |
| Net Profit Margin % | 0.8% | 3.6% | -2.8% | 0.8% | 3.0% | -2.2% | 2.2% | 3.8% | -1.6% |
| Core Net Profit | 15.5 | 19.6 | -21.2% | 15.5 | 15.6 | -0.7% | 35.1 | 38.1 | -7.9% |
| Core Net Profit Margin % | 3.5% | 4.1% | -0.6% | 3.5% | 3.5% | 0.0% | 3.8% | 4.4% | -0.6% |

| Non-Recurring income/(expenses) (THB Million) | Q2'19 | Q1'19 | Q2'18 | Q1'18 |
|---|---------------|--------------|--------------|--------------|
| Sunrise Containers / Ivory M&A Related Expenses | (6.3) | (2.8) | (2.4) | (2.9) |
| Custom Pack M&A Related Expenses | - | - | (0.4) | (0.6) |
| Employees' benefits | (8.8) | - | - | - |
| Total | (15.1) | (2.8) | (2.8) | (3.5) |

- TPACs Thailand operations comprise 4 production sites located in/and around Bangkok.
- Thailand Q2'19 consolidated Core EBITDA Baht 66M, 23% increase to same period last year, but 3% down against previous quarter.

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- **Baht 15.1m of non-core 1-time expenses incurred this quarter due to:**
 - M&A related expenses, in particular for the acquisition of Sun Packaging Systems (Sunpack) in the UAE, Baht 6.3m. Sunpack recently closed on the 30th of July '19, cementing TPACs presence in the middle east.
 - Increase in Thailand statutory provisioning for legal severance from 300 days to 400 days (Baht 8.8m).
- Sales volumes in Thailand were slightly slower this quarter compared to our last quarter as a result of some seasonality.
- Overall however Q2'19 has been fairly robust quarter in Thailand supported by the continued turnaround at TPAC Bangna.
- YTD TPAC Thailand Core EBITDA is 16% versus 1H'18, and management feels that with our market leading positioning in Thailand, our teams execution track record, and a healthy market for fully recyclable rigid plastic consumer packaging (TPACs market), TPAC is well placed to capture upside to our earnings.

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India

| THB Million | Q2'19 | Q1'19 | % Δ |
|--|--------------|--------------|---------------|
| Sales | 497.2 | 527.0 | -5.7% |
| Cost of sales | 420.3 | 430.9 | -2.5% |
| Gross Profit | 76.9 | 96.1 | -20.0% |
| Gross Profit Margin % | 15.5% | 18.2% | -2.8% |
| SG&A | 42.5 | 45.6 | -6.7% |
| Other income | 9.3 | 9.5 | -2.2% |
| EBITDA | 78.9 | 95.5 | -17.5% |
| EBITDA Margin % | 15.9% | 18.1% | -2.3% |
| Core EBITDA | 78.9 | 95.5 | -17.5% |
| Core EBITDA Margin % | 15.9% | 18.1% | -2.3% |
| Depreciation and amortization | 35.2 | 35.5 | -0.8% |
| EBIT | 43.6 | 60.0 | -27.3% |
| Core EBIT | 43.6 | 60.0 | -27.3% |
| Core EBIT Margin % | 8.8% | 11.4% | -2.6% |
| Interest expense | 19.8 | 23.0 | -14.1% |
| Profit Before Tax | 23.9 | 37.0 | -35.5% |
| Core Profit Before Tax | 23.9 | 37.0 | -35.5% |
| Core Profit Before Tax Margin % | 4.8% | 7.0% | -2.2% |
| Income tax expense | 8.6 | -16.3 | 153.0% |
| Net Profit | 15.2 | 53.3 | -71.5% |
| Net Profit Margin % | 3.1% | 10.1% | -7.1% |
| Core Net Profit | 15.2 | 53.3 | -71.5% |
| Core Net Profit Margin % | 3.1% | 10.1% | -7.1% |

- For reference, the amalgamation on Sunrise Containers into TPAC India closed in 28 August 2018. Q4'18 was the first full quarter of consolidating TPAC India's earnings.
- TPAC India experienced a weaker quarter in Q2'19 versus Q1'19 as a result of lower volumes and contracted raw material spreads.
- With PET polymer raw material prices dropping suddenly and significantly during Q2, specifically in June some of our customers took a 'wait and see' approach before procuring their packaging, hoping to capture pricing reflective of further price falls.
- Furthermore, some of TPAC India's finished good inventory had to be priced down to reflect the falling underlying polymer prices and this resulted in a margin squeeze.

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- Therefore, the combination of slower volumes and a contracted raw material spread have contributed to a lower EBITDA this quarter (compared to previous quarters).
- As a result of the above-mentioned factors, Q2'19 was a slower quarter for TPAC India.
- Importantly however, the fundamentals of the TPAC India's business remain robust and management expects margin contraction as a result of lag pricing to normalize / recover over the course of the year.
- Tax for this quarter is effective at 35%, which is the statutory tax rate in India. Note that In Q1 '19, there was an income tax income in India in accordance with account of recognition of deferred tax assets.

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Consolidated Balance Sheet

| THB Million | As at 30 Jun'19 |
|---|-----------------|
| Cash and cash equivalents | 22.8 |
| Trade and other receivables | 797.3 |
| Inventories | 285.2 |
| Current investment | 54.6 |
| Other current assets | 55.3 |
| Total current assets | 1,215.1 |
| Restricted bank deposits | 34.6 |
| Investment in subsidiaries | - |
| Property, plant and equipment | 1,420.7 |
| Goodwill | 942.6 |
| Intangible asset | 363.2 |
| Deferred tax assets | 6.6 |
| Withholding tax deducted at source | 74.8 |
| Advance for purchase of molds | 34.8 |
| Other non-current assets | 32.3 |
| Total assets | 4,124.7 |
| Bank overdraft and short-term loans from banks | 334.3 |
| Trade and other payables | 273.3 |
| Current portion of long-term debentures | 28.4 |
| Current portion of long-term loans from banks | 212.1 |
| Other current liabilities | 31.8 |
| Total current liabilities | 879.8 |
| Long-term debentures - net of current portion | 514.1 |
| Long-term loans from banks - net of current portion | 1,058.4 |
| Non-controlling interest put options | 472.6 |
| Deferred tax liabilities | 53.3 |
| Provision for long-term employee benefits | 50.6 |
| Other non-current liabilities | - |
| Total liabilities | 3,028.9 |
| Registered share capital | 255.0 |
| Issued and paid-up capital | 253.8 |
| Premium on ordinary shares | 302.9 |
| Appropriated - statutory reserve | 25.5 |
| Retained earnings | 580.2 |
| Other components of shareholders' equity | (110.3) |
| Equity attributable to owners of the Company | 1,052.2 |
| Non-controlling interests of the subsidiaries | 43.7 |
| Total shareholders' equity | 1,095.9 |
| Total liabilities and shareholders' equity | 4,124.7 |

- Net Debt to Equity ratio as of Q2'19 at 1.94x below our covenant threshold of 2.0x.

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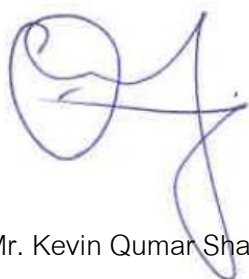
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Consolidated Cash Flow

| THB Million | Jan - Jun 2019 |
|--|----------------|
| Cash flow from Operating Activities | |
| Profit Before Tax | 83.0 |
| Adjustment : Depreciation and Amortisation | 134.7 |
| Adjustment : Other adjustments | 87.4 |
| Profit from operating activities before changes to working capital | 305.1 |
| Net changes to working capital | 7.0 |
| Other Net changes from operating activities | -46.1 |
| Cash flows from Operating Activities | 266.0 |
| Cash receipt from refund of withholding tax deducted at source | 0.0 |
| Cash paid for corporate income tax | -24.5 |
| Net Cash Flows from Operating Activities | 241.5 |

- **1H'19 Cash flow from operations at 242m Baht.**
- **This represents a healthy 83% Operating to EBITDA cash conversion ratio.**



Mr. Kevin Kumar Sharma
Chief Executive Officer

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