บริษัท ทีพีบีไอ จำกัด (มหาชน)
TPBI PUBLIC COMPANY LIMITED

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Ref. TPBI-EXC 032/2017

15 August 2017

Subject: Interim Management Discussion & Analysis of financial statements for the second quarter of 2017

To: The President & Directors

The Stock Exchange of Thailand

In compliance with the regulations of the SET, dated 19 November 1993, TPBI Public Company Limited (the "Company") would like to present the operating results and financial position of the Company for the quarter ended June 30, 2017 as follows.

Respectfully yours,

(Mr. Kamol Borrisuttanakul)

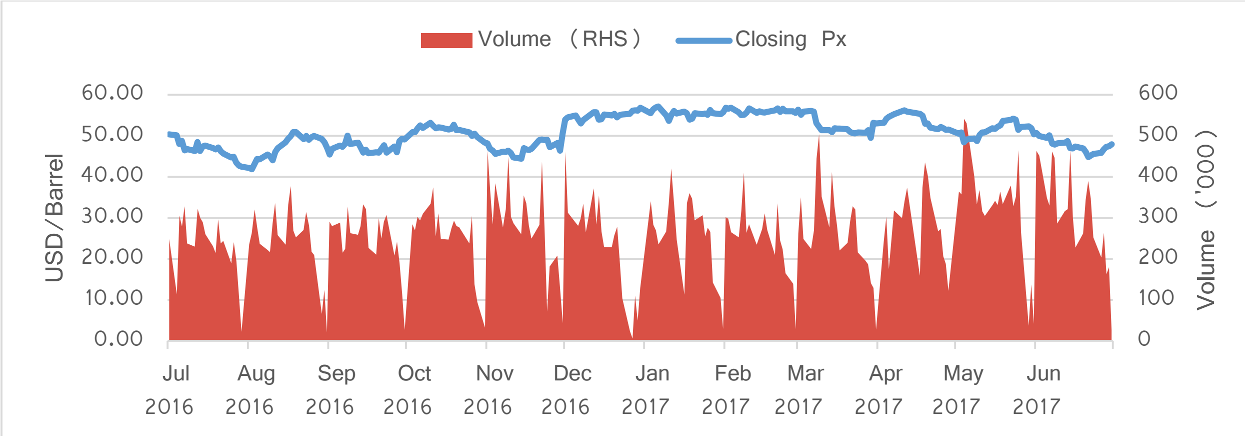
Chief Financial Officer

In the second quarter of 2017, the Thai exchange rate had been appreciated against US-dollar. THB/USD was floating between THB 33.91 – 34.78, averaging at THB 34.30:

Source: Bloomberg

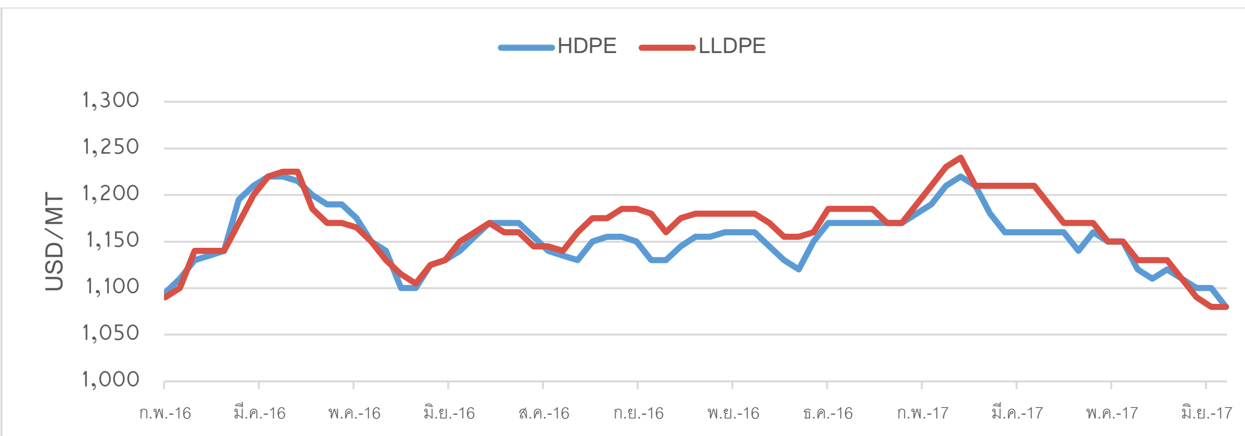
As most of the Company's income and costs are predominantly denominated in USD i.e. partly natural hedged, the lack of volatility has had only little impact on the operating performance of the Company. However, since US dollar had been depreciating during the first half of 2017, it causes some amount of impacts the Company. The factors that affect the Company's operation mainly came from the fluctuation in USD, GBP and EUR currency.

The global crude oil price was more volatile during the second quarter of 2017 compare to the first quarter, moving in the range of USD 44.82 – 56.23 per barrel, and averaged at USD 50.63 per barrel.



Source: Bloomberg

The price for HDPE at the beginning of 1Q17 was USD 1,160 per MT, which decreased by 6.9% to USD 1,080 per MT. In addition, LLDPE's price decreased from USD 1,210 per MT at the beginning of the quarter to USD 1,080 per MT or 10.74% decrease. The average price of HDPE and LLDPE was USD 1,127.69 and 1,134.62 per MT respectively during the second quarter of 2017.



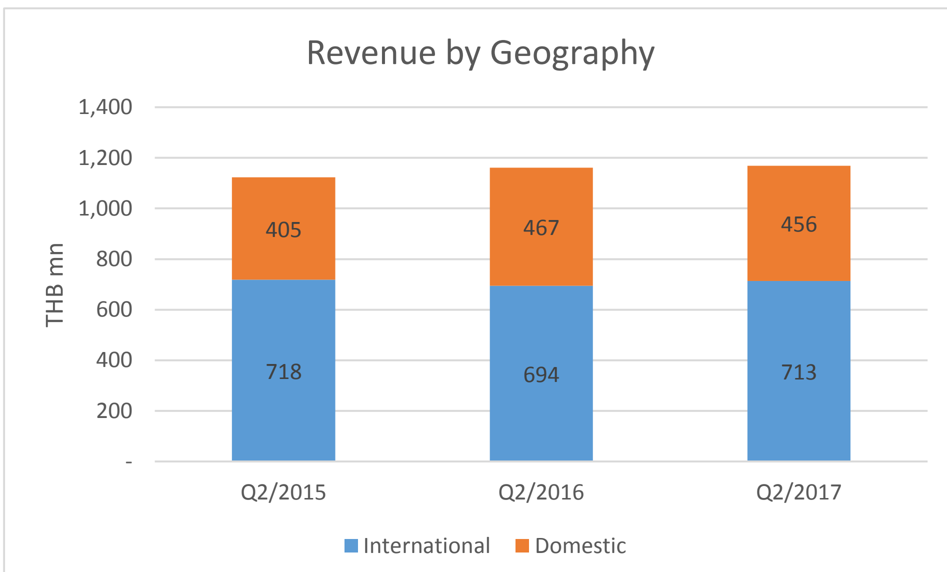
Source: Bloomberg

Operating Results *(For first quarter of 2017 compared with first quarter of 2016)*

Due to the overall stagnant Thai and World economy, the Company's operating performances in the second quarter of the year have been stable compare to the same period of previous year in terms of sales. However, the company has lower profit margins as are illustrated in the next section.

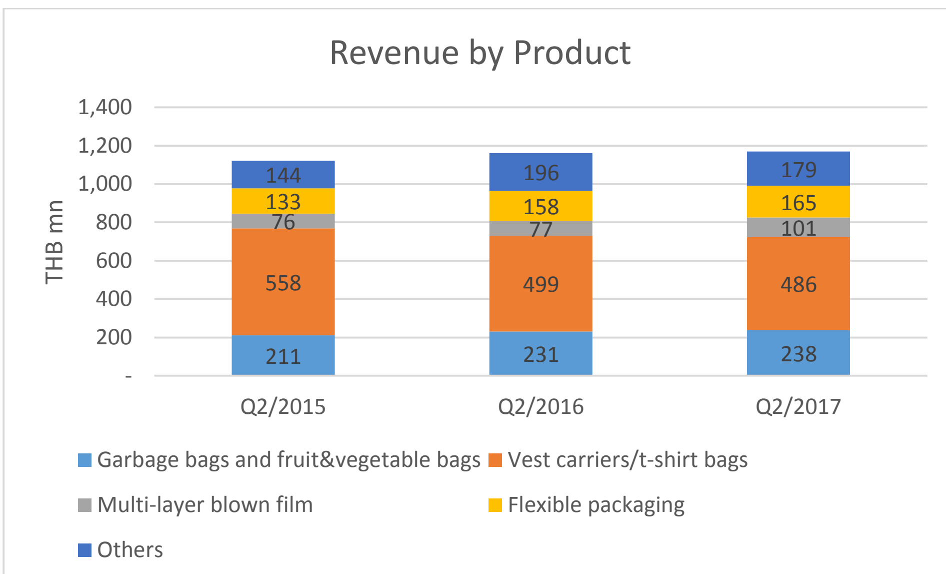
Sales

In 2Q17, the Company recorded THB 1,182.26 million in sales, up THB 3.66 million or increase by 0.31% from the same period last year. Majority of sales (61.00%) still comes from exports to international markets, most of which is denominated in USD. The international sales increased by THB 18.72 million or 2.70% from 2Q16. TPBI group's international market is diverse and customers are from different countries in various regions; i.e. Asia, Australia, America, Europe, and Africa.



Summary of sales performance of the Company in 2Q17 – The sales of vest carriers/t-shirt bags dropped since there was lower demands for these products during the second quarter of 2017. However, the increase in sales of Garbage bags, Multilayer Blown Film, Flexible Packaging and other products helps to stabilize the company's revenue compare to the same period last year. Vest carriers/t-shirt bags sales declined by THB 12.81 million or 2.57% from THB 499.16 million in second quarter last year to THB 486.35 million this quarter. Revenue from vest carriers/t-shirt bags is 41.61% of total revenue of the company (dropped from 42.98% in 2Q16). On the other hand, Garbage bags sales in 2Q17 increased by THB 7.06 million or 3.06% from THB 230.68 million to THB 237.74 million compare to the same period last year.

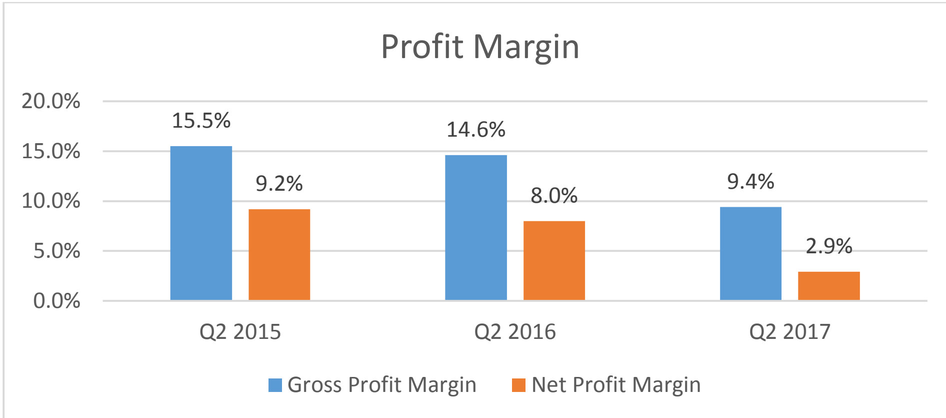
In addition, The Company has an increase in its sales of flexible packaging from THB 158.17 million in 2Q16 to THB 164.64 million, an increase of THB 6.47 million or 4.09% YoY. This increased its revenue contribution from 13.62% to 14.08% of total sales. This increase was in line with the Company plan to improve product portfolio mix and improve margins with value-added products. Further expansion plans to increase the capacity of flexible packaging is on track. For multi-layer blown films sales has also increased from THB 77.43 million to 100.74 million or 30.11% YoY compare to the same period last year. While others products, the sales decreased from THB 195.94 million to THB 179.45 million, a decrease of THB 16.49 million or 8.42% YoY compare to the same period last year



Profit Margins

In 2Q17, the Company has lower profit margin mainly due to the decrease in sales volume of vest carriers/t-shirt bags which make the production cost for General packaging higher. The factors for decreasing sales volume come from a decrease in demand of international customers because of a depreciation of dominant currencies, and plastic bag bans legislation in several countries. Moreover, the Company has reduced some of its production capacity in order to shift that production facilities including machines and production area to create business transformation to adapt to the change in the trend of world plastic packaging industry.

Net profit margin has decreased to be 2.930% compare to the same period last year which is 7.98%. However, to create long term profitability of the Company, the Company is continuously working to increase the sales of flexible packaging in order to create more profitability in the future.



The 2Q17 net profit is THB 34.68 million decreased by THB 59.33 million or 63.11% from 2Q16. The key factors were the decrease in sales of Vest carriers/t-shirt bags which cause the proportion of production cost of General Packaging to be higher as well as reducing some of the Company's production capacity for the products transformation policy. However, the Company aims to increase the long-term outlook in profit margin by using the advancement in R&D for production process and new product lines of General Products. In addition, the Company also aims to increase high-value-added product mix and to have larger scaling of flexible packaging products.

Cost and Expenses

Cost of Sales for 2Q17 was THB 1,057.56 million or equalled to 89.45% to total revenue, increasing from a year earlier by THB 68.55 million or 6.93% mainly because the Company has lower proportion of sales of general packaging which cause the production cost to be higher.

SG&A in 2Q17 has increased from the same period in the year earlier from THB 69.00 million to THB 78.00 million increased by THB 9.00 million or 13.03%. SG&A in 1Q17 is 6.60% of total revenue, slightly increase from the same period last year which was 5.85%. An increase in SG&A was mainly came from an increase in commission expense in line with an increase in sales of flexible packaging product

EBITDA decreased by THB 54.33 million or 36.85% YoY from THB 147.44 million to THB 93.10 million.

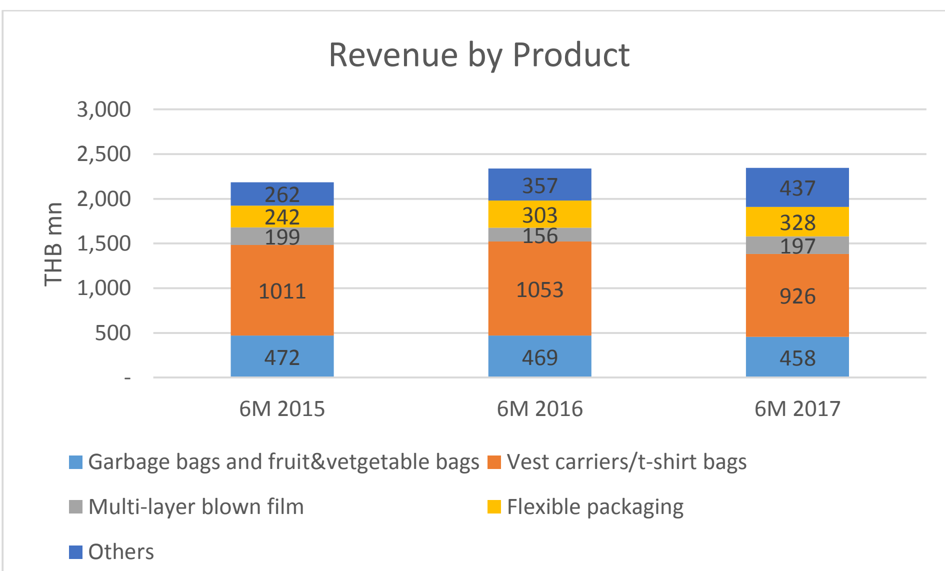
In THB mm	1Q17	Q2/2016	YoY	
			THB mm	%
Sales	1182.26	1178.60	3.66	0.31%
Cost of Sales	1057.56	989.01	68.55	6.93%
Other income	13.35	17.23	(3.88)	(22.53%)
SG&A	78.00	69.01	8.99	13.03%
EBITDA	93.10	147.44	(54.34)	(36.85%)
NPAT	34.68	94.00	(59.32)	(63.11%)
EPS *(THB)*	0.09	0.24	(0.15)	(63.11%)

For six-month of 2017, the Company accounted a net profit of THB 94.27 million, decreasing from THB 190.90 million or 50.62% in the same period of the year earlier. The key driver is from the lower gross profit margin of the Company which was the result from a decrease in demands of Vest carriers/t-shirt bags and fluctuation of dominant currencies. Moreover, the Company is currently in a transformation process to adapt to the change in the trend of world plastic packaging industry.

In terms of top line, the Company's total revenue slightly increased to THB 2,364.44 million from THB 2,352.66 million, or 0.50% in six-month of 2017. The total revenue amount was considered to be stabilized compare to last year. Furthermore, the cost of sales also increased to THB 2,100.17 million from THB 1,974.67 million in the year earlier as well as an increase in SG&A of THB 11.18 million or 8.09%

EBITDA decreased by THB 95.85 million or 31.76% YoY from THB 301.81 million to THB 205.96 million.

For the slowdown in operation result of the Company, we closely monitor and manage those factors continuously. Consequently, the Company has decided to invest their capital in a product transformation project focusing on expand into new product lines such as mail order bags for E-commerce, fruit and vegetable bags, piping bags and others. Although these products are in the introduction process, the Company has continuously received number of orders from the clients. In addition, the production of Garbage bag is expected to increase in the future.

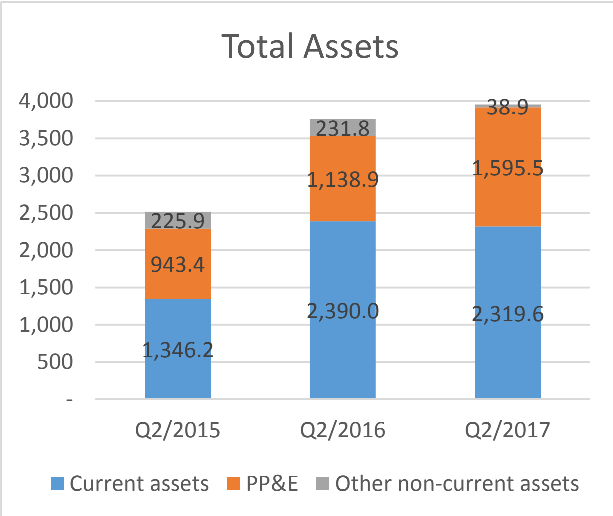


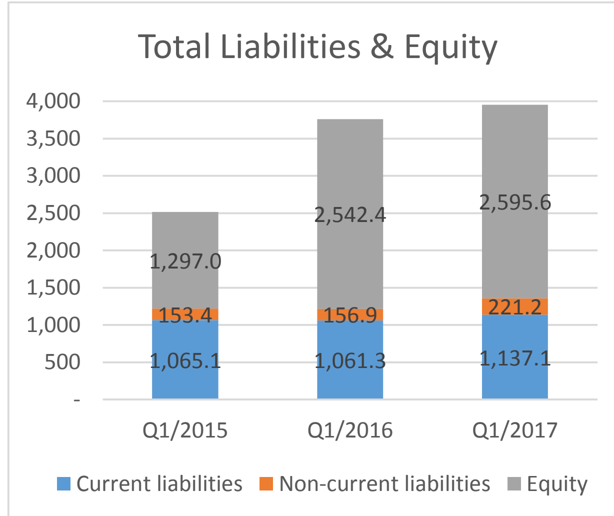
The product composition is in line with the Company's plan to increase the contribution from high-value-added product over the time as shown in the above revenue breakdown by product in 6M16; flexible packaging product has been increased its sales significantly in the last three years from THB 242 million in 6M15 to THB 328 million in 6M17, or increasing 35.54%.

For the long-term outlook of the Company, product mix are more diversified in which high-value-added products. On top of that, with relatively low debt and high liquidity, the Company is financially flexible to expand and/ or invest in the new opportunities in the future.

In THB mm	6M17	6M16	YoY	
			THB mm	%
Sales	2,364.44	2,352.66	11.78	0.50%
Cost of Sales	2,100.17	1,974.67	125.50	6.36%
Other income	17.90	13.96	3.93	28.17%
SG&A	149.32	138.14	11.18	8.09%
EBITDA	205.96	301.81	(95.85)	(31.76%)
NPAT	94.27	190.90	(96.62)	(50.62%)
EPS *(THB)*	0.24	0.48	(0.24)	(50.62%)

Financial Position





Assets

Total assets of the Company as of 2Q17 was THB 3,953.87 million increased by THB 62.26 million or 1.60% from the end of year 2016. The Company has total current assets of THB 2,319.57 million decreased by THB 46.75 million or 1.98% mainly comes from a decrease in cash and cash equivalent of THB 84.86 million or decreased by 18.66% mainly come from the utilization of cash in a product transformation project. However, the Company has an increase in account receivable and other receivable of THB 51.35 million or increased by 7.08% accordingly to the increase in sales revenue compare to last quarter. However, the Company has an increase in non-current assets of THB 109.00 million or 7.15% mainly comes from an increase in PP&E of the Company by THB 216.97 million or 15.74% since the Company has an additional investment on production expansion and creation of variety of product segment of the Company. Besides, the Company has a decrease in property investment of THB 39.21 million or 99.49% since the Company has transferred all land, which is used for setting up new factory of the Company's subsidiary, into PP&E. In addition, the Company has a decrease in obligated bank deposits of THB 67.40 million or decreased by 89.99%.

Liabilities and Shareholders' Equity

Total liabilities of the Company increased to THB 1,358.28 million, increased by THB 206.13 million or 17.89% from end of 2016 mainly from the increase in short-term borrowing of THB 254.66 million which comprising of overdraft, trustee payable, packing creditor and letter of credit with financial institutions. In addition, the Company has an increase in long-term loans from financial institutions of THB 28.42 million or 24.58%. However, account payables and other payables decreased by THB 19.42 million during the first half of 2017

Shareholders' equity as of 2Q17 amounts to THB 2,595.59 million decreased by THB 143.87 million. The changes in shareholders' equity are from a decrease in retain earnings of THB 153.24 million.

Cashflow

Cashflow received from operation in 2Q17 was THB 58.03 million, decreased by THB 184.14 million or 76.04% YoY. The Company's EBT was presented at THB 99.69 million. The decrease in cashflow received from operation is a result from a decrease in EBT of THB 120.19 million and the change in account receivable.

Cashflow used in investing activities was recorded at THB 202.47 million, THB 251.67 million of which was spent on PP&E to enhance its capacity and productivity

The reported cashflow received from financing activities was THB 59.57 million, mainly from an increase in short-term borrowing from financial institutions of THB 254.66 million while the Company has paid out dividend by THB 239.98 million during the first half of 2017.

To conclude, the net ending cash for the Company as of 2Q17 was THB 369.99 million decreased by THB 84.86 million from the end of 2016.

Key Financial Ratios

	2Q17	2Q16
Gross Profit Margin (%)	10.55%	16.09%
Net Profit Margin (%)	2.93%	7.98%
Current Ratio (x)	2.04x	2.25x
Quick Ratio (x)	1.46x	1.65x

	2Q17	2Q16
D/E Ratio (x)	52.19%	47.92%
EPS (THB/SHARE)	0.0867	0.2350
BVPS (THB/SHARE)	6.49	6.36