บริษัท ทีพีบีไอ จำกัด (มหาชน)
TPBI PUBLIC COMPANY LIMITED
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Ref. TPBI-EXC 023/2018

14 August 2018

Subject: Interim Management Discussion & Analysis of financial statements for the second quarter of 2018

To: The President & Directors

The Stock Exchange of Thailand

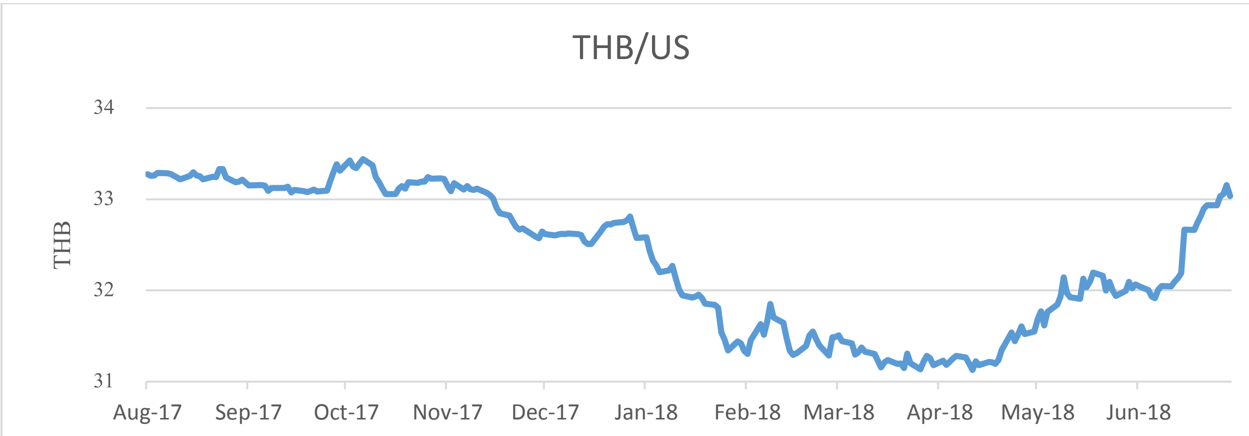
In compliance with the regulations of the SET, dated 19 November 1993, TPBI Public Company Limited (the "Company") would like to present the operating results and financial position of the Company for the second quarter ended June 30, 2018 as follows.

Respectfully yours,

(Mr. Kamol Borrisuttanakul)

Chief Financial Officer

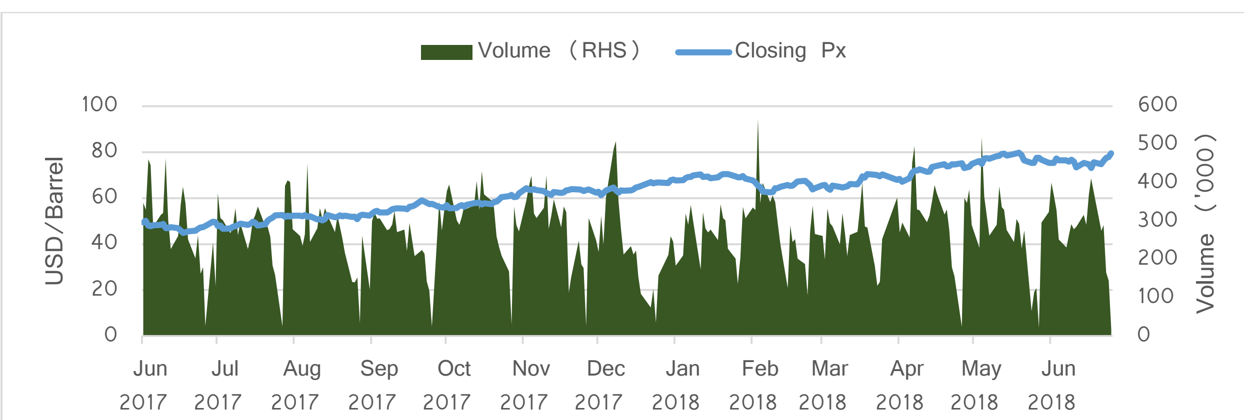
In the second quarter of 2018, the Thai exchange rate had been depreciated against US-dollar floating between THB/USD 31.13 - 33.16, with an average of THB 31.93:



Source: Bloomberg

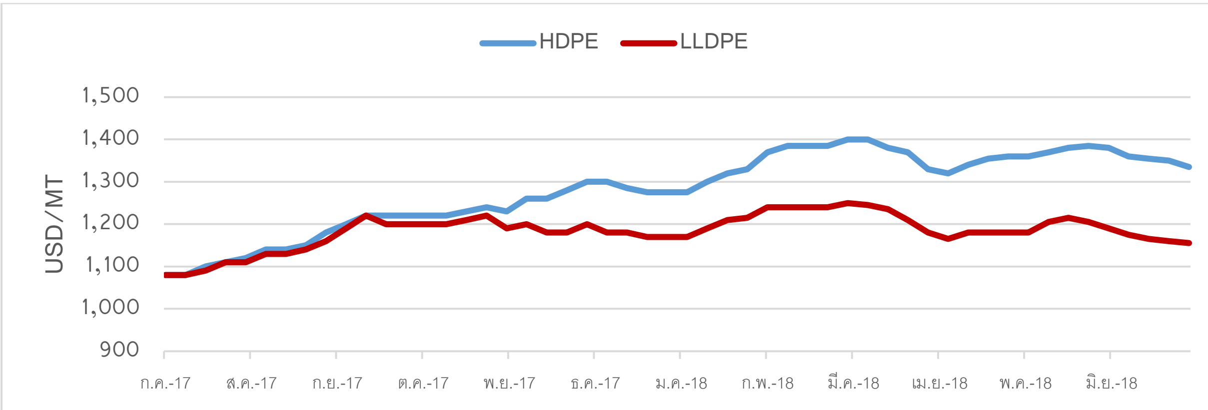
As most of the Company's income and costs are predominantly denominated in USD, so we do have partly natural hedged. During Q2 2018, the depreciation of Thai Baht currency has positive effects to the operating performance of the Company. However, to manage and minimize the impact from exchange rate, the company still maintain policy to buy the forward contract in accordance with market condition.

The global crude oil price rose compared to the last quarter, moving in the range of USD 67.11-79.80 per barrel at an average of USD 75.19 per barrel, which the increase was USD 5.68 per barrel compared to last quarter



Source: Bloomberg

The price of HDPE at the beginning of 2Q18 was USD 1,330 per MT, which slightly increased to USD 1,335 or by 0.38% per MT. In addition, LLDPE's price slightly decreased from USD 1,180 per MT at the beginning of the quarter to USD 1,155 per MT or 2.12% decrease. The average price of HDPE and LLDPE was USD 1,357.69 and 1,181.15 per MT respectively during the second quarter of 2018.

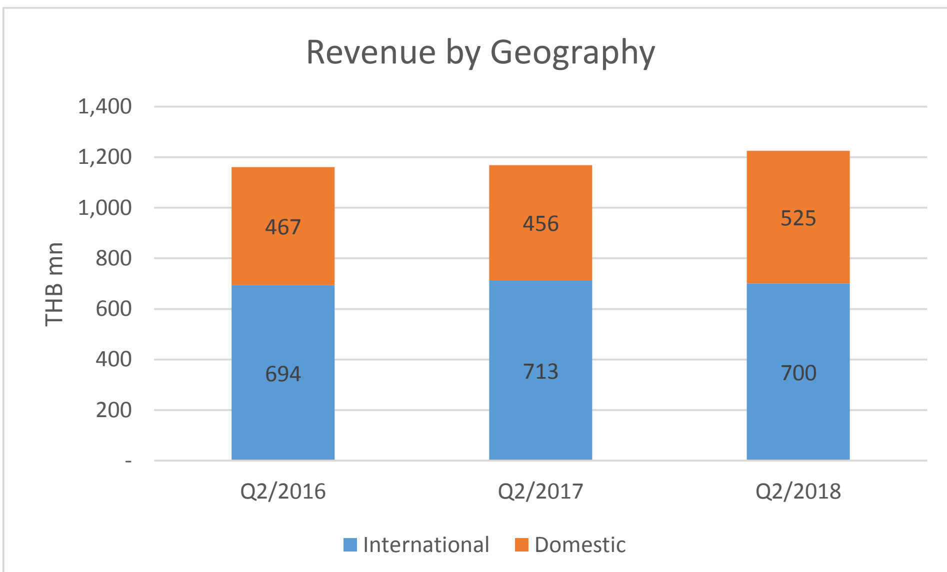


Source: Bloomberg

Although single-use plastic bag ban policies across many countries. Because of business transformation policy implementation, sales in the second quarter of the year still increase compare to the same period of previous year due to an increase in domestic sales and reusable bag sales which help against down trend of single-use plastic bag. The details of operating results are illustrated in the next section.

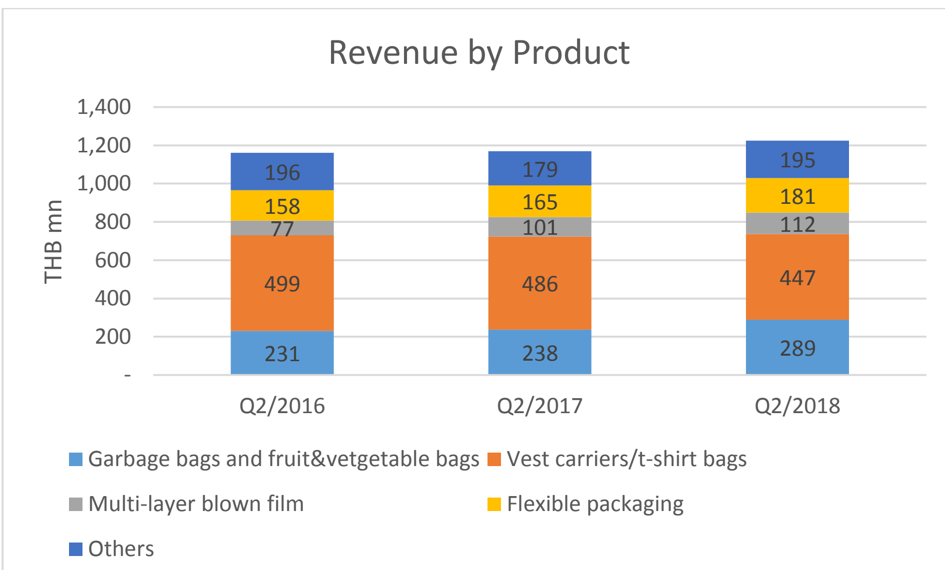
Sales

In 2Q18, the Company recorded THB 1,248.85 million in sales, increased by THB 66.59 million or 5.63% from the same period last year. Majority of sales (57.14%) still came from exports to international markets. However, the international sales decreased from 2Q17.



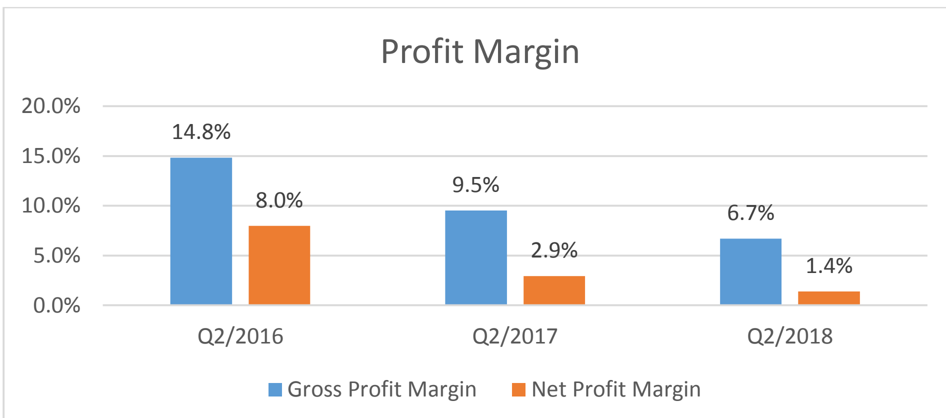
Summary of sales performance of the Company in 2Q18 – The sales of Vest carriers/ t-shirt bags dwindled since there was a lower demand for these products during the second quarter of 2018. However, the Company has an increase in sales of garbage bags, multilayer blown film and flexible packaging, leading the total sales to rise. The sales of vest carriers/ t-shirt declined by THB 39.47 million or 8.12% from THB 486.35 million in second quarter last year to THB 446.88 million this quarter. Thus, vest carriers/ t-shirt could contribute 36.50% of the total revenue, dropped from 41.61% in 2Q17. However, sales of vest carriers/ t-shirt didn't drop as much as the declining of single-use bag demand because we include sale of reusable bag (from business transformation policy) in this product group. On the other hand, garbage bags and fruit & vegetable bag sales in 2Q18 increased by THB 50.88 million or 21.40% from THB 237.74 million to THB 288.62 million compared to the same period last year. The proportion of garbage bags and fruit & vegetable bag was 23.57% of the total revenue, rose from 20.34%.

In addition, the Company has an increase in its sales of multi-layer blown films from THB 100.74 million in 2Q17 to THB 112.43 million, counting for 11.61% YoY. This increased its revenue contribution from 8.62% to 9.18% of total sales. For flexible packaging sales have been increased by 10.02% compared to the same period last year to THB 181.14 million in 2Q18. The proportion of the flexible packaging of the total sale revenue arose from 14.08% in 2Q17 to 14.80% in 2Q18. The increase of the sale portion of multi-layer blown films and flexible packaging was in line with the Company plan to improve product portfolio mix and improve margins with value-added products. The Company has further expansion plans to double the capacity of flexible packaging within the period of next 3 years. While other products, the sales increased from THB 179.45 million to THB 195.27 million, an increase of THB 15.82 million or 8.82% YoY compared to the same period last year.



Profit Margins

In 2Q18, the Company has lower profit margin mainly due to the decrease in sales volume of vest carriers/t-shirt bags. The main reason of the lower sale volume of vest carriers/t-shirt bags mainly comes from single-use plastic bag bans legislation in Europe, America, and Australia. In addition, the Company is currently adjusting portfolio of production by investing in business transformation and shifting some of its production capacity on vest carriers/ t-shirt bags so that such production facilities including machines and production area could be able to create business transformation to be in line with the change in the trend of world plastic packaging industry which resulting in higher production cost in 2Q18. Despite such impact to the company, the increased sales compared to the same period last year was a result from significant sales increase of garbage bags as well as an increase in sales of reusable bag which is in line with the company's business transformation.



The 2Q18 net profit was THB 17.22 million decreased by THB 17.45 million or 50.33% from 2Q17. In term of net profit margin, it has decreased to be 1.38% compare to the same period last year which is 2.93%. Nonetheless, the Company aims to increase business sustainability by producing more sustainable new product lines of General Products. In addition, the Company also aims to increase value-added product mix and to have larger scaling of flexible packaging products.

Cost and Expenses

Cost of Sales of 2Q18 was THB 1,142.29 million, increasing from a year earlier THB 84.73 million or 8.01%. Cost of sales is 93.30% of sales revenue increased from 90.47% from the same quarter last year as a result of higher production cost per unit from the lower sales as well as product transformation policy.

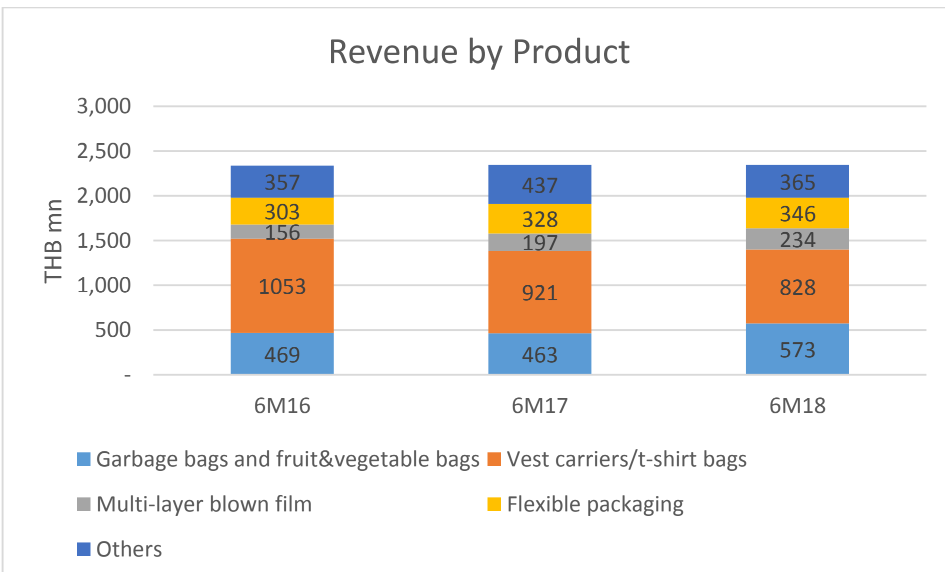
SG&A in 2Q18 has increased from the same period in the year earlier from THB 78.00 million to THB 80.03 million by THB 2.03 million or 2.61%. SG&A in 2Q18 was 6.41% of total revenue, slightly decreased from the same period last year which was 6.60%.

EBITDA decreased to THB 9.85 million or by 10.57% YoY from THB 93.10 million to THB 83.26 million.

In THB mm	2Q18	2Q17	YoY	
			THB mm	%
Sales	1,248.85	1,182.26	66.59	5.63%
Cost of Sales	1,142.29	1,057.56	84.73	8.01%
Other income	21.44	13.35	8.09	60.63%
SG&A	80.03	78.00	2.03	2.61%
EBITDA	83.26	93.10	(9.85)	(10.57%)
NPAT	17.22	34.68	(17.45)	(50.33%)
EPS *(THB)*	0.04	0.08	(0.04)	(52.85%)

For six-month of 2018, the Company accounted a net profit of THB 19.93 million, decreasing from THB 94.27 million or decreased by 78.86% 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. Moreover, the Company is currently in a transformation process by adjusting its production capacity to be able 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 2,385.83 million from THB 2,363.44 million, or 5.63% increased. However, the cost of sales increased to THB 1,142.29 million from THB 1,057.56 million in the year earlier while SG&A is at THB 158.57 in first half of 2018, slightly increased from THB 149.32 million in the same period of 2017. EBITDA decreased by THB 65.56 million or 31.83% YoY from THB 205.96 million to THB 140.41 million, compared to 2017.

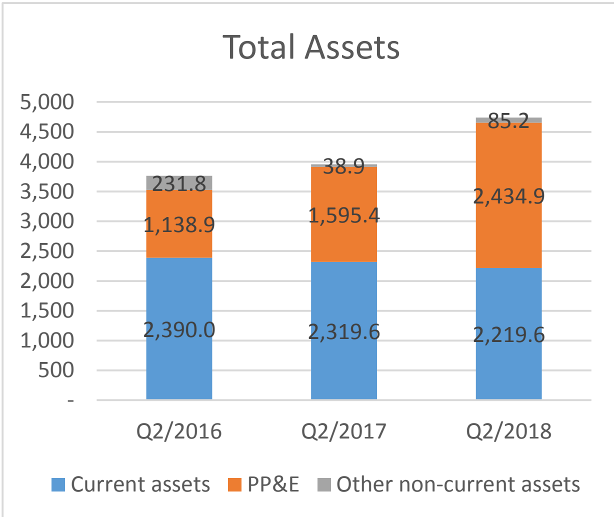


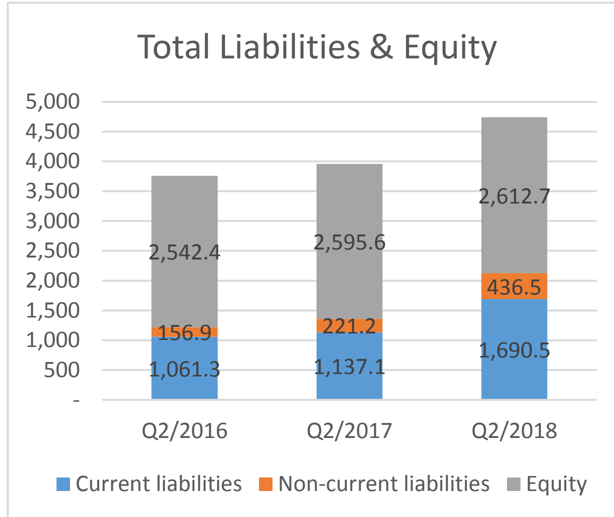
The product composition is in line with the Company's plan to increase the contribution from value-added product over the time as shown in the above revenue breakdown by product in 6M18; flexible packaging product has been increased its sales in the last three years from THB 303 million in 2016 to THB 346 million in 2018. In addition, the Company has a significant increase in sales of garbage bags due to an increase in demand from international market.

For the long-term outlook, the company has policy to diverse its product portfolio into more sustainable and more value-added products. Furthermore, the Company is also on the transformation process for general packaging to adapt to the change in the trend of world plastic packaging industry. 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	6M18	6M17	YoY	
			THB mm	%
Sales	2,385.83	2,364.44	21.39	0.90%
Cost of Sales	2,190.70	2,100.17	90.53	4.31%
Other income	36.14	17.90	18.24	101.91%
SG&A	158.57	149.31	9.25	6.19%
EBITDA	140.41	205.96	(65.56)	(31.83%)
NPAT	19.93	94.27	(74.35)	(78.86%)
EPS *(THB)*	0.04	0.22	(0.18)	(81.36%)

Financial Position





Assets

Total assets of the Company as of 2Q18 was THB 4,739.65 million increased by THB 531.25 million or 12.62% from the end of year 2017. The Company had total current assets of THB 2,219.56 million increased by THB 3.32 million or 0.15%, mainly came from an increase in trade and other receivable of THB 84.15 million or 11.85% and inventories of THB 139.18 million or 21.31%. Besides, the Company had an increase in non-current assets of THB 527.93 million or 26.50% mainly came from an increase in PP&E of the Company by THB 483.33 million or 24.77 % and prepaid land and factory rental of THB 40.85 million since the Company had an additional investment on production expansion and creation of variety of product segment of the Company.

Liabilities and Shareholders' Equity

Total liabilities of the Company were THB 2,130.02 million, increased by THB 621.27 million or 4.18 % from end of 2017 due to the increase in short-term borrowing composed of promissory note, trustee payable, and packing creditor from financial institution of THB 430.55 million or 72.27% and long-term loans from financial institutions raised by THB 232.38 million or 138.33% in order to reinforce business expansion. Nonetheless, the Company had a decrease in trade payable and other payable of THB 37.73 million. Shareholders' equity as of 31 June 2018 amounts to THB 2,609.62 million decreased by THB 90.03 million due to dividend payment of THB160 million during first half of 2018. However, the company had an increase in non-controlling interests of the subsidiary of THB46.63 million.

Cash flow

Cash flow used operation in the second quarter of 2018 was THB 27.37 million, decreased by THB 85.40 million or 147.16 % YoY. The Company's EBT was presented at THB 17.99 million. The decrease in cash flow from operation was a result from an increase in trade receivable and other receivable of THB 68.30 million and inventories of THB145.54 million.

Cash flow used in investing activities was recorded at THB 623.77 million, which THB 553.85 million was spent on PP&E and 138.65 was paid on business acquisition to enhance its capacity and productivity

The reported cash flow from financing activities was THB 542.13 million, resulted from an increase in short-term borrowing from financial institution by THB430.34 million and long-term borrowing from financial institutions by THB249.32 million, furthermore the company also has capital increment of non-controlling interest in subsidiary by THB56.08 million during this quarter.

To conclude, the net ending cash for the Company as of 2Q18 was THB 373.81 million increased by THB 3.82 million from the end of 2017.

Key Financial Ratios

	2Q18	2Q17
Gross Profit Margin (%)	6.70%	9.53%
Net Profit Margin (%)	1.38%	2.93%
Current Ratio (x)	1.31x	2.04x
Quick Ratio (x)	0.84x	1.46x
D/E Ratio (x)	0.81x	0.52x
EPS (THB/SHARE)	0.04	0.09
BVPS (THB/SHARE)	6.53	6.49