บริษัท ทีพีบีไอ จำกัด (มหาชน)
TPBI PUBLIC COMPANY LIMITED
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27 February 2017

Subject: Management Discussion & Analysis of financial statements for the fourth quarter and the financial year of 2016

To: The President & Directors
The Stock Exchange of Thailand

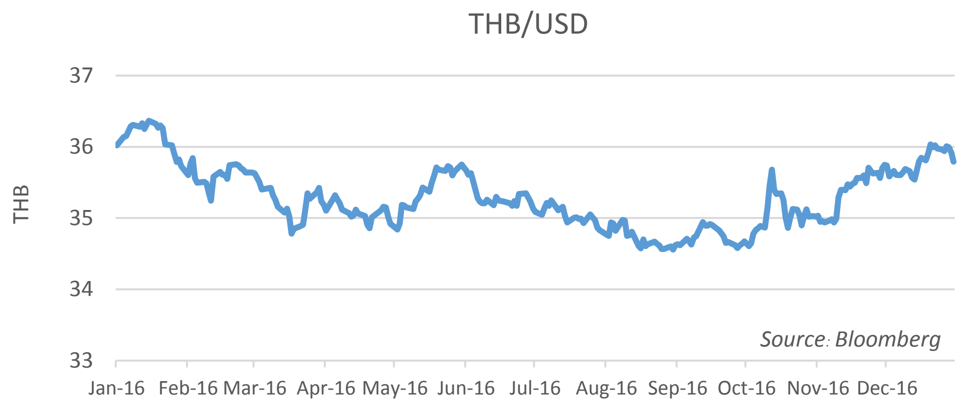
In compliance with the regulations of the SET, dated 19 November 1993, TPBI Public Company Limited (the "Company") would like to present the operating results and financial position of the Company for the fourth quarter and the financial year of 2016 as follows.

Respectfully yours,

(Mr. Kamol Borisuttanakul)
Chief Financial Officer

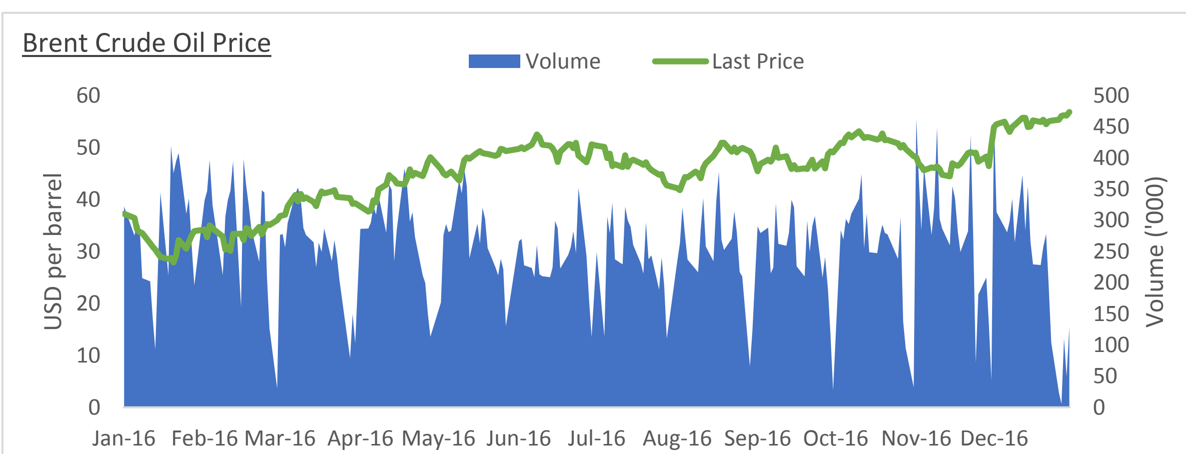
Market Overview

In the fourth quarter of 2016, the exchange rate had been relatively stable. THB/USD was floating between THB 34.61 – 36.04, averaging at THB 35.41:



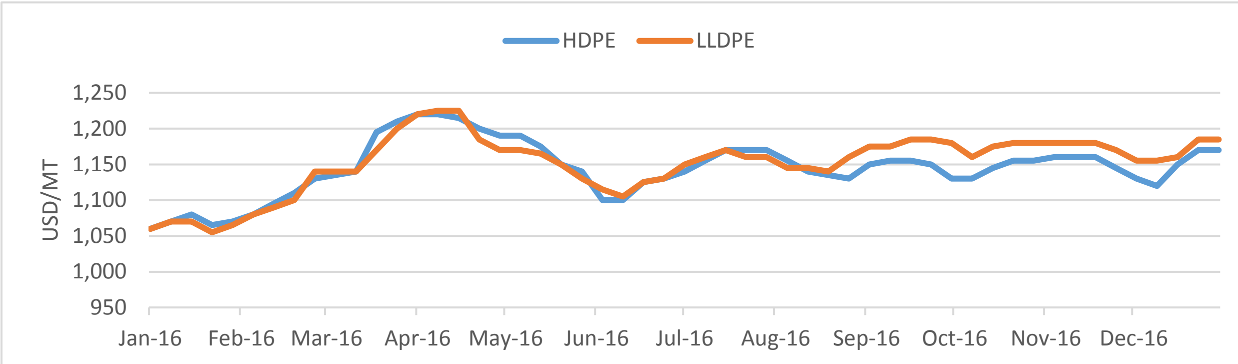
As most of the Company's income and costs are predominantly denominated in USD i.e. partly natural hedged, the lack of volatility has had little impact on the operating performance of the Company. However it also has the capability to buy forward contracts should the need arise through constant monitoring of the foreign exchange markets.

Since resin prices are somewhat influenced by crude oil prices, The global crude oil price was significantly volatile during the fourth quarter of 2016, moving in the range of USD 44.43 – 56.82 per barrel, and averaged at USD 51.12 per barrel. However, the prices have been increasing remarkably from the beginning of the year (up 52.7% at the end of September) as illustrated by the chart below.



Source: Bloomberg

The price for HDPE at the beginning of 4Q16 was USD 1,130 per MT, which increased 3.5% to USD 1,170 per MT. Also, LLDPE's price slightly increased by USD 25 per MT from USD 1,160 per MT or 2.2% versus the beginning of the quarter. The relatively stable resin price had positive effect on the Company.



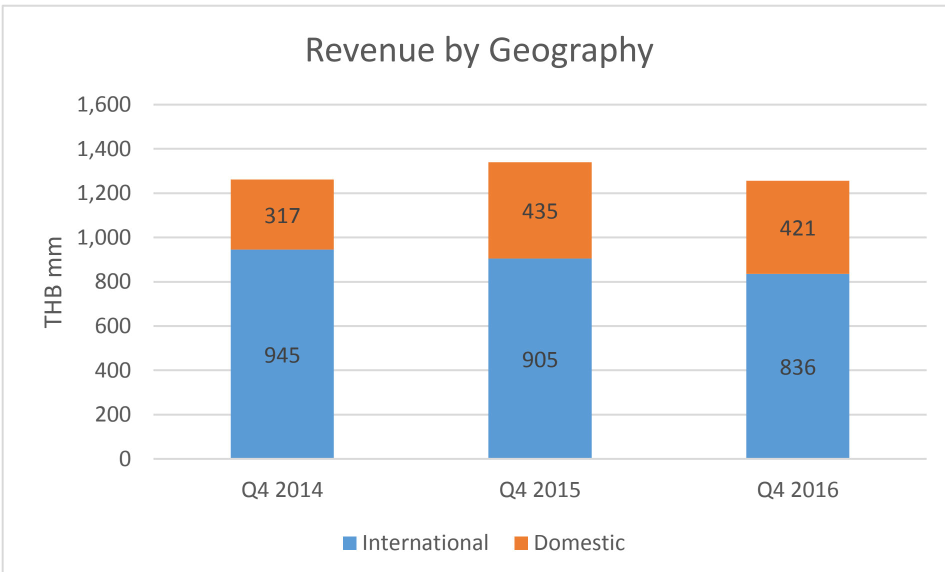
Source: Bloomberg

Operating Results *(For fourth quarter of 2016 compared with fourth quarter of 2015)*

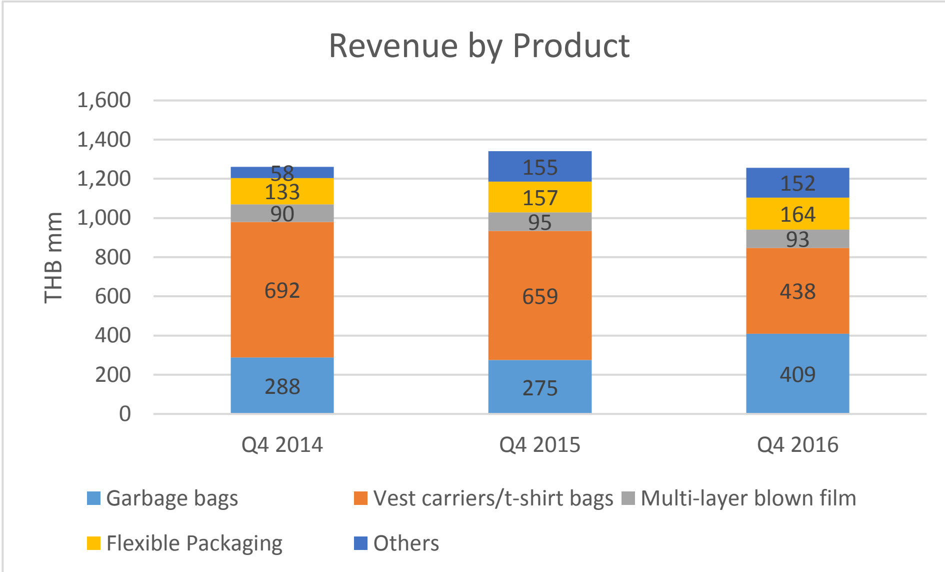
As the demand from both international and domestic customers were soften around the end of 4Q16, the Company's operating performances have experienced a slightly slowdown in terms of sales as illustrated in the next section.

Sales

In 4Q16, the Company recorded THB 1,257 million in sales, down THB 84 million or 6.3% from the same period last year. Majority of sales (66.5%) still comes from exports to international markets, most of which is denominated in USD. The international sales decreased by THB 70 million or 7.7% from 4Q15. TPBI group's international market is diverse and customers are from different countries in various regions; i.e. Asia, Australia, America, Europe, and Africa.

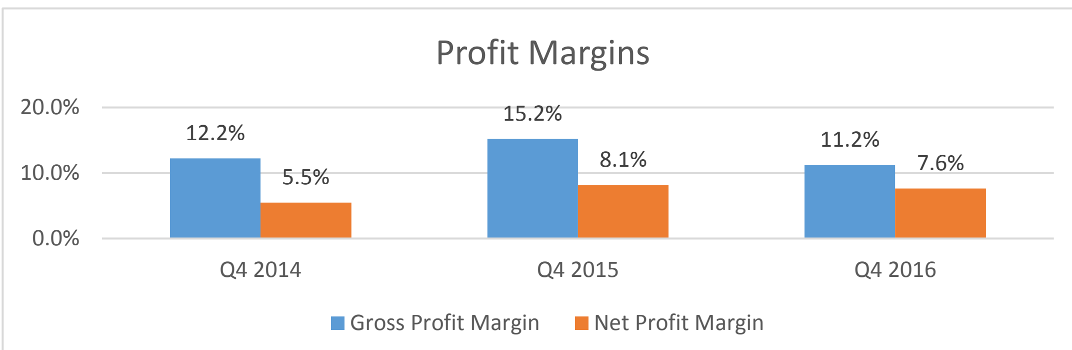


In this quarter, the company started to shift production capacity from vest carriers/t-shirt bag to garbage bags in order to diversify its portfolio. This shift resulted in 33.5%YoY decrease of vest carriers/t-shirt bag revenue (from THB659 mn to THB438 mn) and 48.9%YoY increase of garbage bag revenue (from THB275mn to THB409 mn). The multi-layer blown film stayed relatively flat. Flexible packaging segment has continued to show sign of growth as its revenue grew 4.2% YoY(from THB157mn to THB164 mn). The contribution from flexible packaging also increased from 11.7% to 13.0%, in-line with company strategy to continuously shift to value-added products.



Profit Margins

For 4Q16, the company's profit margin have seen a decrease from soften demand in general packaging products and higher SG&A expenses. However, net profit margin still ranks as a leader in the industry. The outlook of profit margin is also bright since the company continued to strive for operational excellence and increase the portion of high-value-added products.



The 4Q16 net profit of THB 104 million decreased by THB 6 million or 5.5% from 4Q15. The key factor was the spending in SG&A to create sustainable growth in the long term. Some of the additional SG&A in this period was one-time expense.

Cost and Expenses

Cost of Sales for 4Q16 was THB 1,116 million or equalled to 88.8% to sales, decreasing from a year earlier of THB 21 million or 1.8% mainly because of the decrease in orders.

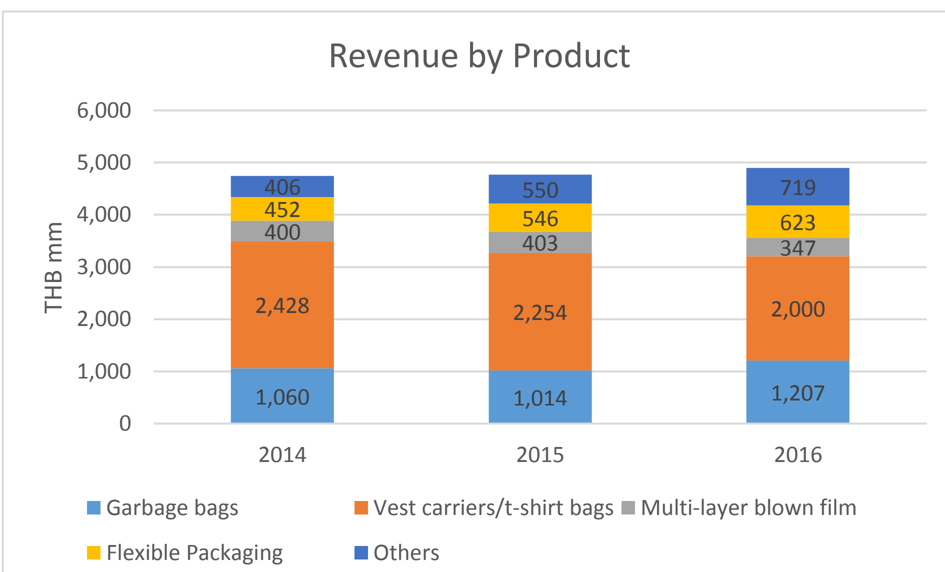
SG&A in 4Q16 has increased from the same period in the year earlier, which was THB 95 million increasing from THB 71 million or 33.4%. The increase in 4Q16 SG&A was from mainly from investment for sustainable growth in the long term.

EBITDA increased by THB 9 million or 5.4% YoY from THB 174 million to THB 183 million.

In THB mm	4Q16	4Q15	YoY	
			THB mm	%
Sales	1,256.7	1,340.6	-83.9	-6.3%
Cost of Sales	1,115.7	1,136.7	-21.0	-1.8%
Other income	100.6	5.1	95.6	1889.6%
SG&A	94.7	71.0	23.7	33.4%
EBITDA	183.5	174.0	9.4	5.4%
NPAT	103.6	109.6	-6.1	-5.5%
EPS *(THB)*	0.26	0.27	-0.02	-5.5%

Operating Results *(For financial year 2016 compared to financial year of 2015)*

For full-year of 2016, the Company accounted a net profit of THB 396 million, increasing from THB 380 million or 4.2% in the same period of the year earlier. The drivers are from higher sales in the high-margin products and extra profit from non-operating asset sold. In terms of top line, the Company's sales increased to THB 4,897 million from THB 4,769 million, or 2.7% in full-year of 2016. The sales amount increased because of strong demand from the key customers for the most part of the year. However, the cost of sales also increased to THB 4,198 million from THB 4,066 million in the year earlier mainly from the resin prices increased since the beginning of the year and in line with the higher sales. EBITDA slightly increased from THB 626 million to THB 658 million in despite of the significant increase in SG&A which is investment for sustainable growth in the long term. Some part of SG&A included one-off expense such as machines relocation expense and consulting fee.

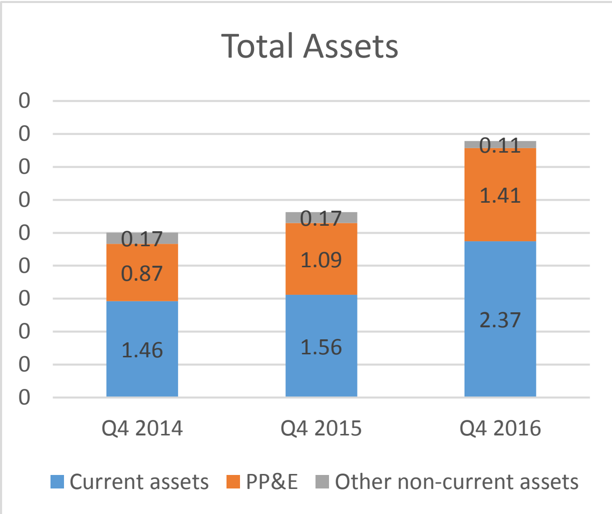


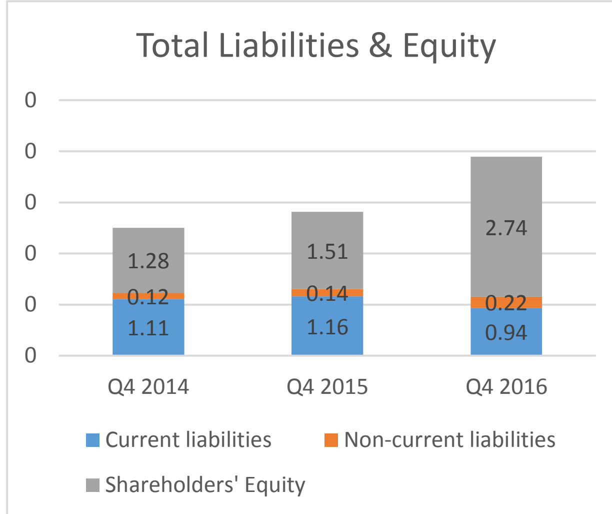
The product composition is in line with the Company's plan to increase the contribution from high-value-added product over the time as shown in the above revenue breakdown by product in 2016; flexible packaging product has been increased its sales significantly in the last three years from THB 452 million in 2014 to THB 623 million in 2016, or increasing 37.8%.

The outlook of the Company is confident that in the long term its sales will continue to grow relatively good in YoY. Product mix are more diversified in which high-value-added products are contributing more to its earning. The company also found a new opportunity to add medical packaging products to its portfolio. They are high potential products with support from the mega trend and a clear cost advantage compared to import products. Company also continuously diversifies General Packaging by adding more variety of products that not effected by environmental concerns. On top of that, with relatively low debt and high cash on hand, the Company is financially flexible to expand and/or invest in the new opportunities in the future.

In THB mm	2016	2015	YoY	
			THB mm	%
Sales	4,897.1	4,768.6	128.6	2.7%
Cost of Sales	4,198.7	4,066.2	132.6	3.3%
Other income	127.9	37.1	90.8	244.8%
SG&A	309.5	241.4	68.1	28.2%
EBITDA	657.8	625.7	32.1	5.1%
NPAT	396.1	380.2	15.9	4.2%
EPS *(THB)*	0.99	0.95	0.04	4.2%

Financial Position





Assets

Total assets of the Company as of 4Q16 was THB 3,892 million. On top of the proceeds from the IPO shares, the growth of total assets is mainly from inventories which are in-line with revenue growth of the Company. The growth of the total assets also came from property, plant and equipment (PP&E). The Company continuously increase its capital expenditure for PP&E to improve the Company's production capacity, sales, and product variety.

Liabilities and Shareholders' Equity

Total liabilities of the Company decreased to THB 1,152 million, down 9.6% QoQ from THB 1,274 million from the decrease in both current and non-current liabilities.

Shareholders' equity as of 4Q16 amounts to THB 2,739 million. The changes in shareholders' equity are from capital increase, the premium gained on the par value from IPO.

Cashflow

Cashflow received from operation in 4Q16 was THB 155 million. The Company's EBT was presented at THB 143 million, adding back non-cash expenses such as depreciation and amortization of THB 40 million.

Cashflow from investments was recorded at THB -7 million. Although there were the additional investment in short-term investment and acquiring property, plant and equipment, it also received a large amount of cash from selling real estate for investment and return from bank collateral.

The reported cashflow from financing activities was THB -149 million, mainly from repayment of short-term from financial institutions, which is accounted of THB 172 million.

To conclude, adding the beginning balance of THB 456 million, the net ending cash for the Company during 4Q16 was THB 455 million.

Key Financial Ratios

	4Q16	4Q15
Gross Profit Margin *(%)*	11.22%	15.21%
Net Profit Margin *(%)*	7.63%	8.15%
Current Ratio *(x)*	2.53x	1.34x
Quick Ratio *(x)*	1.51x	1.24x
D/E Ratio *(x)*	0.42x	0.86x
EPS *(THB)*	0.26	0.27
BVPS *(THB)*	6.85	3.78