Ref. TPBI-EXC 007/2020

24 February 2020

Subject: Interim Management Discussion & Analysis of financial statements for the fourth quarter and the financial year of 2019

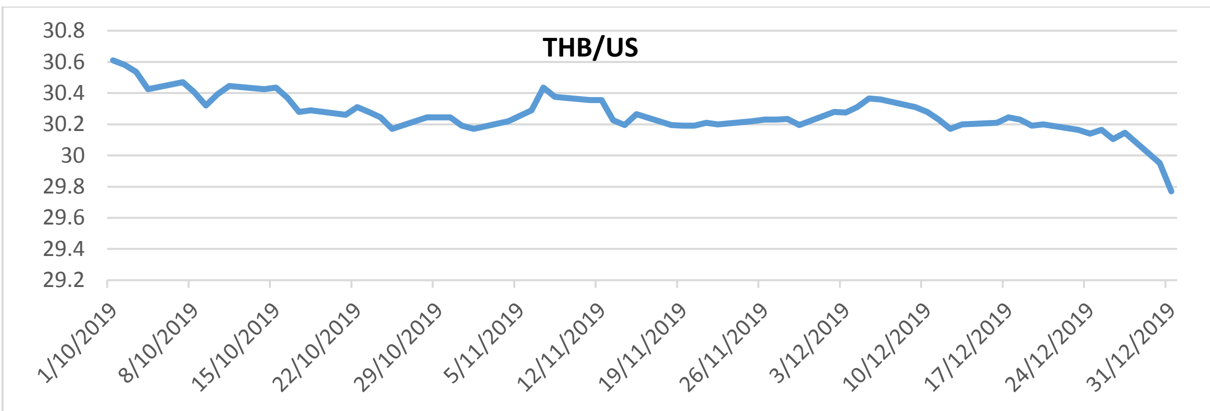
To: The President & Directors
The Stock Exchange of Thailand

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 2019 as follows.

Respectfully yours,

(Mr. Kamol Borrisuttanakul)
Chief Financial Officer

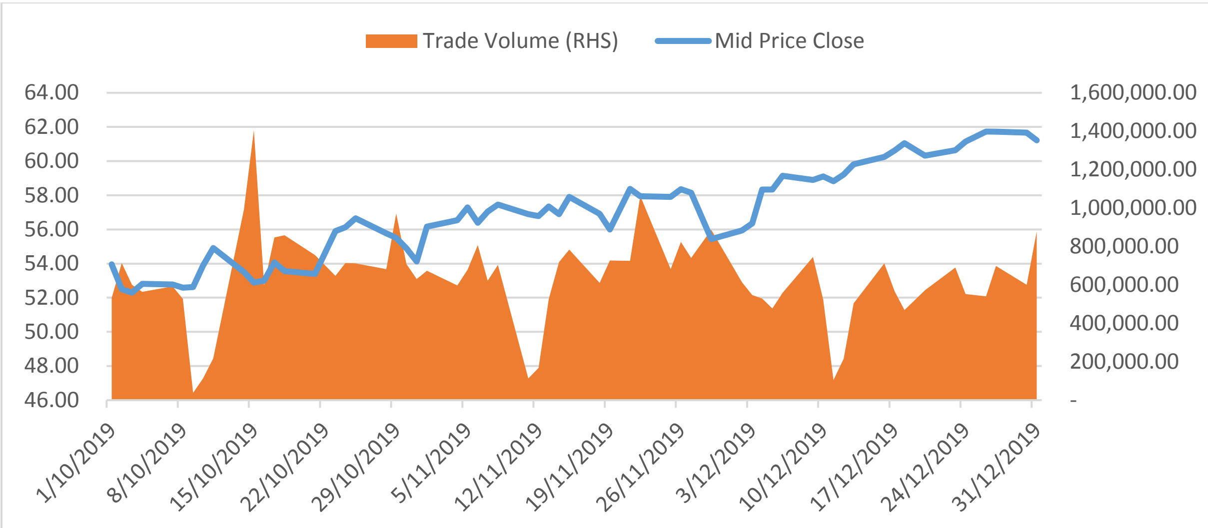
In the fourth quarter of 2019, the Thai exchange rate had been continually appreciated against US-dollar, throughout the fourth quarter, floating between THB/USD 29.77-30.61, with an average of THB/USD 30.27, which slightly decline from an average of THB/USD 30.71 in the last quarter.:



Source: Bloomberg

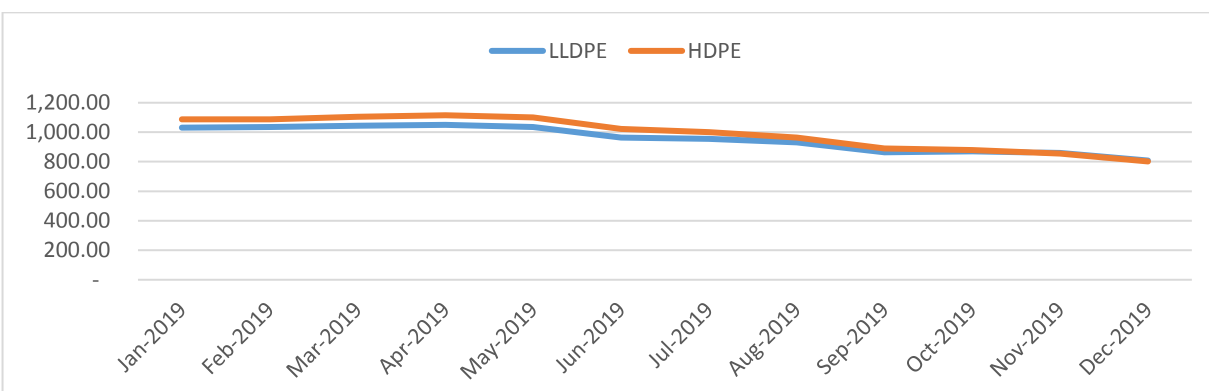
As most of the Company's income and costs are predominantly denominated in USD, so we do have partly natural hedged to manage and minimize the impact from exchange rate in accordance with market condition. Nonetheless, the company has policy to manage and minimize the risk by buying the forward contract in an appropriate amount accordance with market condition.

The global crude oil price slightly increased compared to the last quarter, moving in the range of USD 52.30 – 61.73 per barrel at an average of USD 56.76 per barrel, which the slightly increase was USD 0.33 per barrel compared to last quarter.



Source: Bloomberg

The price of HDPE was slightly decreased from USD 890 per MT to USD 802 per MT or 9.88% decrease. In addition, LLDPE's price also decreased from USD 864 per MT to USD 808 per MT or 6.48% decrease. The average price of HDPE and LLDPE was USD 845.67 and 846.42 per MT respectively during the fourth quarter of 2019.



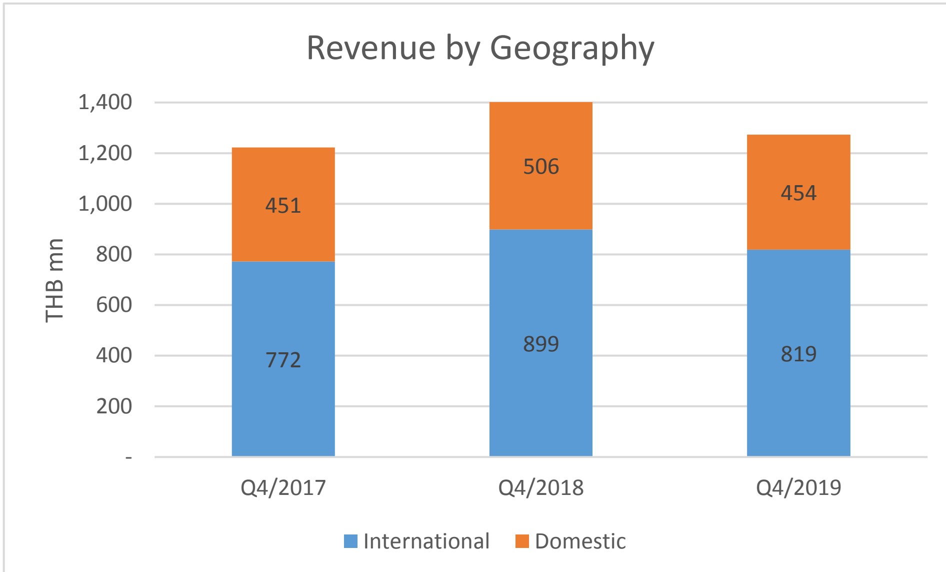
Source: Bloomberg

Operating Results *(For fourth quarter of 2019 compared with fourth quarter of 2018)*

According to the transformation and adjustment of capacity and production of Consumables to be in line with single-use plastic bag ban policies across international and domestic market, operating results of Consumables initially recovered comparing to 4Q2018. However, the contraction of domestic economy effects to the potentiality of order fulfilment to be in accordance with capacity of the new factory of Flexibles. Whereas, Paper and Global Trading had been impacted by the uncertainty of BREXIT. Further, the Thai exchange rate had been continually appreciated against US-dollar throughout the fourth quarter which such is the main factor impact to operating results of the Company especially profitability in the fourth quarter of the year. Nonetheless, loss of the Company is lesser compare to the same period of previous year. The details of operating results are illustrated in the next section.

Sales

In 4Q19, the Company recorded THB 1,272.52 million in sales, decreased by THB 132.24 million or 9.41% from the same period last year. Majority of sales (64.34%) still came from exports to international markets and sale in foreign countries.

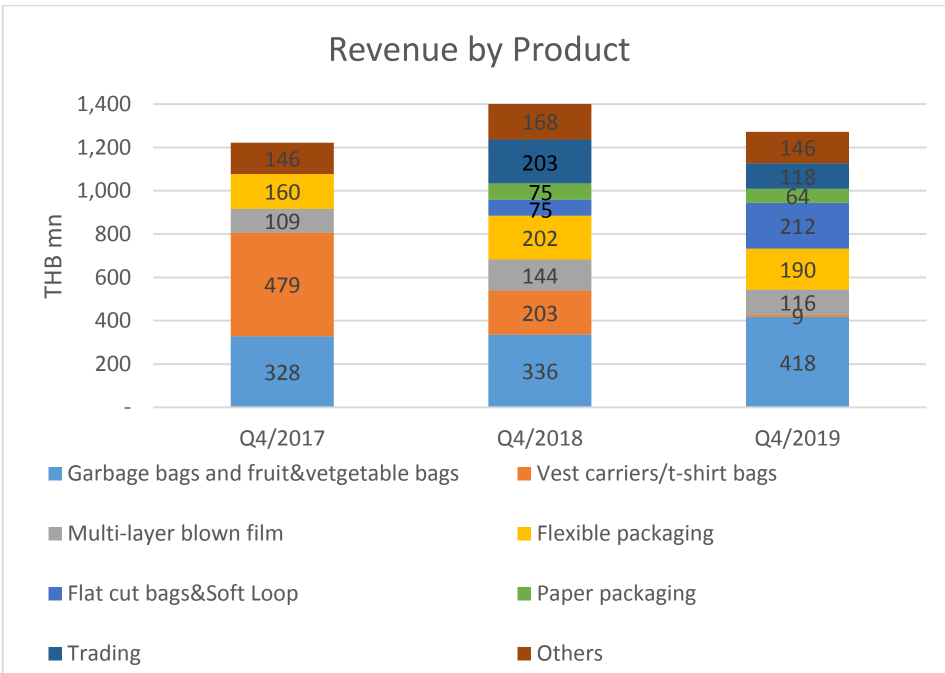


Summary of sales performance of the Company in 4Q19 – The sales of Vest carriers/ t-shirt bags, Film (Multilayer Blown Film), Flexible Packaging, Paper and Global Trading decreased, driven by a significantly decrease in sales of vest carriers/ t-shirt. On the other hand, the company had an increase in sales of garbage bags and fruit & vegetable bags. The sales of vest carriers/ t-shirt decreased by THB 193.15 million or 95.34% from THB 202.59 million in fourth quarter last year to THB 9.45 million this quarter. Thus, vest carriers/ t-shirt could contribute 0.74% of total sales revenue, declined from 14.42% in 4Q18.

The sales of garbage bags increased by THB 41.50 million or 14.34% from THB 289.31 million to THB 330.82 million compared to the same period last year. The proportion of garbage bags was 26% of total sales revenue, rose from 20.60%. The sales of fruit & vegetable bag were THB 87.01, increased by THB 40.46 million or 86.93% from the same period last year.

However, the Company has a decrease in its sales of multi-layer blown films from THB 144.16 million in 4Q18 to THB 116.28 million, counting for 19.34% YoY. Its revenue contribution was 9.14% declined from 10.26% of total sales revenue in 2018. For flexible packaging sales have been decreased by THB 12.01 million or 5.96% YOY compared to the same period last year to THB 189.05 million in 4Q19. The proportion of the flexible packaging of the total sale revenue was 14.89% in 4Q19 slightly increased from 14.35% in 4Q18. While other products, the sales decreased from THB 167.84 million to THB 146.11 million, a decrease of THB 21.73 million or 12.95% YoY compared to the same period last year.

In addition, the Company has categorized new product groups (separated from the original product group) which are (i) flat cut bags which its sales was THB 138.37 million and (ii) Soft Loop or Reusable Bag which its sale was THB 73.18 million.

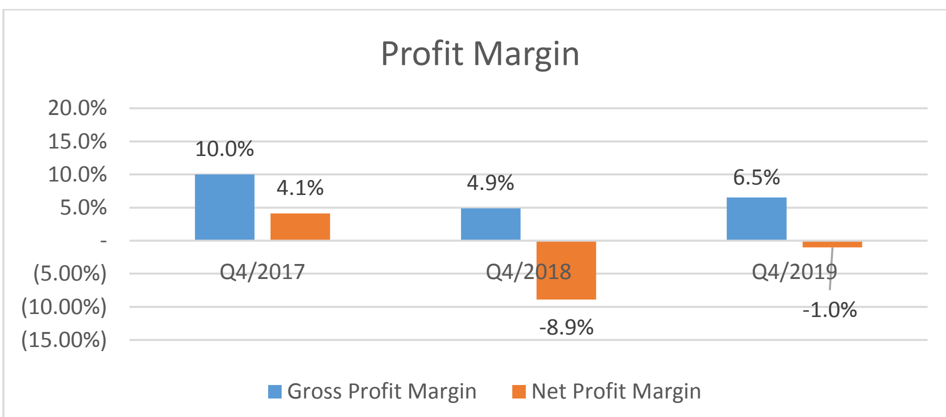


Profit Margins

- In 4Q19, the Company has better profit margin saying that the Company has less loss, compare to the same period last year mainly due to following fact:The Company received continuous garbage bags' orders from a new foreign customer since the beginning of the second quarter. In addition, the Company also received Soft Loop (Reusable Bag)'s order from foreign customer and some new orders from domestic market. The foregoing orders cause positive effect to the Company. This is also in line with business transformation policy of the Company as a result of change in customer's demand of global packaging industry

- The exchange rate of Thai Baht against US Dollar had been continuously appreciated
- The exchange rate of Myanmar Kyat against US Dollar had been stable..
- High production expenses of Flexibles and Paper because depression of economy impact to the potentiality to seek new order to be in accordance with the capacity of the new factory (T.A.K. packaging and Paper)

The increase of sales of the Company compared to the same period of previous year partly was a result from selling various products; i.e. Garbage bags, Multilayer blown film and Flexibles, and realizing sales revenue from TPBI UK, TPBI Paper and TPBI Australia which is in line with the company's business transformation.



The 4Q19 net profit (loss) was THB (13.31) million decreased from net profit (loss) of THB (125.41) million in 4Q18. In term of net profit (loss) margin, it has decreased to be (1.03%) compared to the same period last year which is (8.88)%. Nonetheless, the Company has always been focusing on a potential mitigation for those effect from above factors.

Cost and Expenses

Cost of Sales of 4Q19 was THB 1,189 million, decreasing from a year earlier THB 146.62 million or 10.97%. Cost of sales is 93.49% of sales revenue decreased from 95.13% from the same quarter last year as a result of lower production cost per unit of Consumables compare to same quarter last year.

SG&A in 4Q19 has decreased from the same period in the year earlier from THB 184.92 million to THB 110.32 million by THB 74.59 million or 40.34%. SG&A in 4Q19 was 8.56% of total revenue, decreased from the same period last year which was 13.10%. The lower SG&A mainly came from the decrease of non-recurring expenses.

EBITDA increased to THB 88.48 million or by 383.77% YoY from THB (23.06) million to THB 65.43 million as a result from a decrease in expenses as mentioned above.

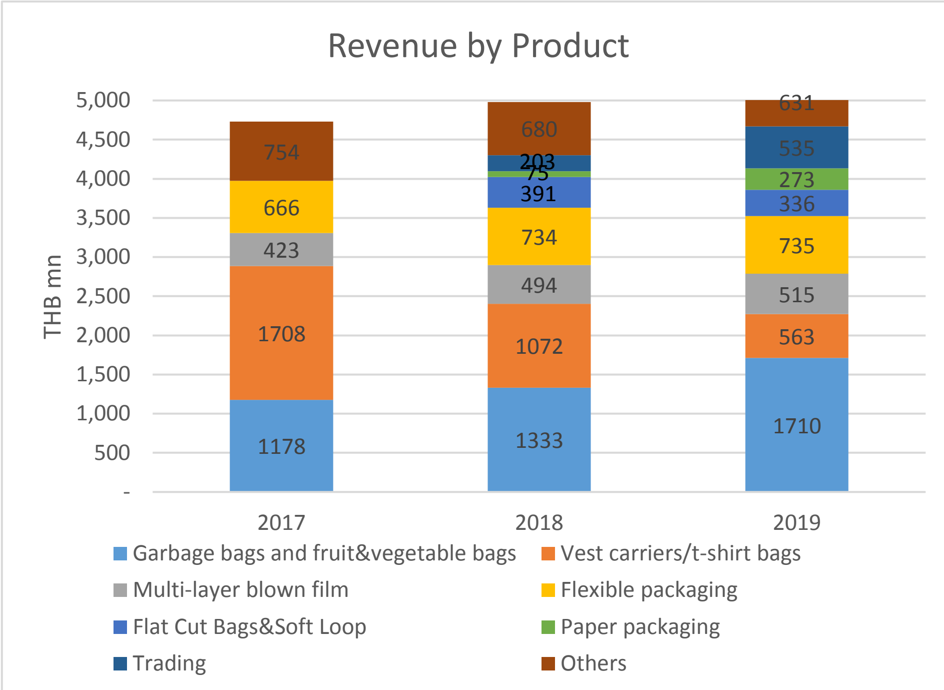
In THB mm	4Q19	4Q18	YoY	
			THB mm	%
Revenue	1,289.34	1,411.76	(132.24)	(9.41%)
Cost of Sales	1,189.68	1,366.31	(146.63)	(10.97%)
Other income	16.82	7.00	9.82	140.33%
SG&A	110.32	184.92	(74.59)	(40.34%)
EBITDA	65.43	(23.06)	88.48	(383.77%)
NPAT	(13.31)	(125.41)	112.10	(89.39%)
EPS *(THB)*	(0.03)	(0.28)	0.25	(89.29%)

For the financial year of 2019, the Company accounted a net loss of THB (55.43) million, decreasing from net loss of THB (227.25) million or decreased by 75.61% in the year earlier. The key driver is from the mentioned factors as follows:

- The Company received continuous garbage bags' orders from a new foreign customer since the beginning of the second quarter. In addition, the Company also received Soft Loop (Reusable Bag)'s order from foreign customer and some new orders from domestic market. The foregoing orders cause positive effect to the Company. This is also in line with business transformation policy of the Company as a result of change in customer's demand of global packaging industry
- The decrease of non-recurring expenses
- The exchange rate of Thai Baht against US Dollar had been continuously appreciated
- The exchange rate of Myanmar Kyat against US Dollar had been stable.
- The control of cost management effects to the decrease of production cost of Consumables

In terms of top line, the Company's total revenue slightly increased to THB 5,364.37 million from THB 5,011.02 million, or 7.05% increased. However, the cost of sales increased to THB 4,803.38 million from THB 4,692.56 million in the year earlier while SG&A is at THB 577.15 in 2019, increased from THB 508.45 million in 2018.

EBITDA increased by THB 135.96 million or 107.71% YoY from THB 126.22 million to THB 262.18 million, compared to in 2018.

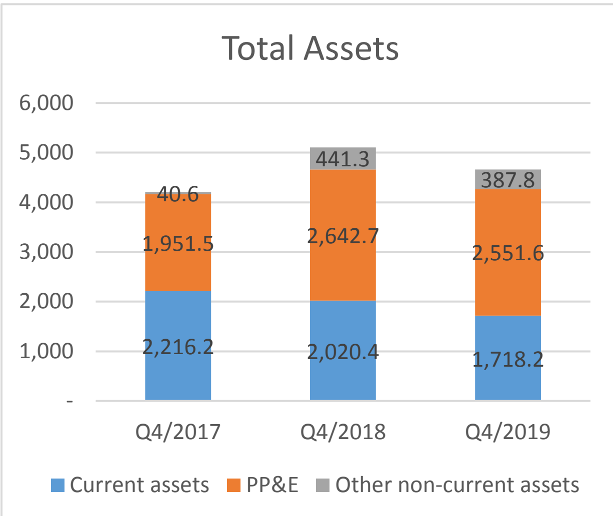


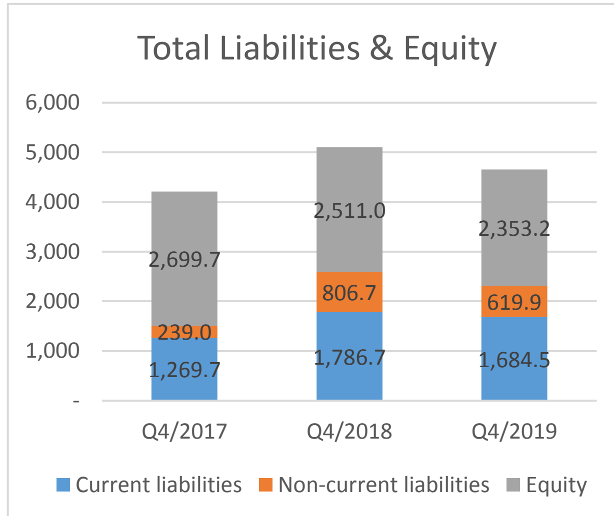
The product composition is in line with the Company's plan to increase the contribution from value-added and sustainable product over the time as shown in the above revenue breakdown by product; flexible packaging product has been increased its sales in the last three years from THB 666 million in 2017 to THB 735 million in 2019. In addition, the Company has an investment of new flexible packaging factory to increase production capacity and reinforce the sale of the product and a significant increase of garbage bags and vegetable & fruit bags' sales due to an increase in demand from international market. Further, the Company has an increase in sales of paper packaging which is in line with product transformation policy in order to compensate the decrease in sales of Vest carriers/ T-shirt bags due to single-use plastic bag ban policies across many countries

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 Consumables to adapt to the change in the trend of world plastic packaging industry.

In THB mm	2019	2018	YoY	
			THB mm	%
Sales	5,364.37	5,011.02	353.35	7.05%
Cost of Sales	4,803.38	4,692.56	110.82	2.36%
Other income	65.51	30.67	34.84	113.58%
SG&A	577.15	508.45	68.70	13.51%
EBITDA	262.18	126.22	135.96	107.71%
NPAT	(55.43)	(227.25)	171.82	(75.61%)
EPS *(THB)*	(0.08)	(0.52)	0.44	(84.62%)

Financial Position





Assets

Total assets of the Company as of 4Q19 was THB 4,657.63 million decreased by THB 380.49 million or 7.55% from the end of year 2018. The Company had total current assets of THB 1,718.24 million decreased by THB 302.27 million or 14.96%, composed of a decrease in trade and other receivable of THB 97.73 million or 11.27% and inventories of THB 106.14 million or 12.17% while the Company has a decrease in cash and cash equivalent and other current assets of THB 93.74 million and THB 4.65 million respectively. Besides, the Company had a decrease in non-current assets of THB 78.23 million or 2.59% mainly came from an increase in PP&E of the Company by THB 91.12 million or 3.45%. The decrease of cash came from the business expansion, production adjustment, product varieties increment, and Intelipac group acquisition (currently known as TPBI UK, TPBI Paper and TPBI Australia).

Liabilities and Shareholders' Equity

As of 4Q19, total liabilities of the Company were THB 2,304.40 million, decreased by THB 293.23 million or 11.29% from end of 2018 due to the decrease in short-term borrowing composed of promissory note, trustee payable, and packing creditor from financial institution of THB 106.94 million or 12.24% and long-term loans from financial institutions declined by THB 194.76 million or 28.81% in order to reinforce business expansion. The Company also had a decrease in trade payable and other payable of THB 89.86 million.

Shareholders' equity as of ended 2019 amounts to THB 2,353.23 million decreased by THB 87.27 million, due to a reduction of retained earnings by 62.41, which came from net loss of 55.43 million during 2019. However, the company had an increase in non-controlling interests of the subsidiary of THB 21.34 million.

Cash flow

Net Cash flow used in operation in 2019 was THB 382.07 million, increased from cash flow received from operation in 2018 by THB 23.33 million . The Company's earnings (loss) before tax was presented at THB (74.28) million. The increase in cash flow from operation was a result from an increase in depreciation 305.99 million.

Cash flow used in investing activities was recorded at THB 212.05 million, which THB 197.35 million was spent on PP&E and was paid on enhance its capacity and productivity.

The reported cash flow from financing activities was THB 257.32 million, resulted from a decrease in repayment of short-term borrowing from financial institution by THB 106.94 million and repayment of long-term borrowing from financial institutions by THB 200.85 million.

To conclude, the net ending cash for the Company as of 4Q19 was THB 154.08 million decreased by THB 247.82 million from the end of 2018.

Key Financial Ratios

	2019	2018
Gross Profit Margin (%)	9.35%	5.78%
Net Profit Margin (%)	(1.03%)	(4.53%)
Current Ratio (x)	1.02x	1.13x
Quick Ratio (x)	0.57x	0.64x
D/E Ratio (x)	0.98x	1.06x
EPS (THB/SHARE)	(0.08)	(0.52)
BVPS (THB/SHARE)	5.64	5.85