

No. TPAC012/2562

August 14, 2019

Subject: Explanation of the earning result for three – months period and six – months period ended as of June 30, 2019

To: President

The Stock Exchange of Thailand

In according to the regulation of Stock Exchange of Thailand, the listed company has to explain their earning result which varies more than 20 percent compare with the same period of the latest year. Thai Plaspac Public Company Limited would like to explain the earning result for three – months period and six - months period ended as of June 30, 2019 compared the same period of the latest year as follow:

For 3 months period

Thai Plaspac Public Company Limited has reported net profit for three – months period ended as of June 30, 2019 for the amount of THB 18.64 million which was lower than the same period last year around THB 33.54 million or 64 percent due to the recognition of gain of the bargain of Custom Pack Co. Ltd. (TPAC Bangna) acquisition for the amount of THB 41.16 million in second quarter of 2018.

For 6 months period

For the six-months period, revenue increased from THB 860.37 million in last year to THB 1,932.77 million in this year or 125 percent increased due to the recognition of the subsidiaries' performance. Gross profit increased around 160 percent from the same period last year. Net profit for the six-months period was at THB 89.29 million increased from the same period last year at THB 20.64 million or 30 percent.

Please kindly be informed accordingly,

Your faithfully,



Worapong Woottipruk

Company Secretary

Thai Plaspac Public Company Limited

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Thai Plaspac Public Company Limited

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COMPANY REGISTRATION NO. AND TAX ID : 0107547000575

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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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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