

Ref 1/2017

27 December 2017

Subject: Management Discussion and Analysis for the nine-month period ended 30 September 2017

To: The President
The Stock Exchange of Thailand

Sunsweet Public Company Limited ("The Company") would like to submit this Management Discussion and Analysis of the Company's operation for the nine-month period ended 30 September 2017, with details as follows

Revenue

For nine-months period ended 30 September 2016, the Company and its subsidiary generated total revenue of 1,322.94 million Baht. For nine-months period ended 30 September 2017, the Company and its subsidiary generated total revenue of 1,273.67 million Baht.

Revenue from Sales

For nine-months period ended 30 September 2016, the Company and its subsidiary generated revenue from sales of 1,310.58 million Baht. For nine-months period ended 30 September 2017, the Company and its subsidiary generated revenue from sales of 1,239.08 million Baht. The changes are explained as follows;

(1) Revenue from Manufacture and Distribution of Processed Sweet Corn and Other Processed Agricultural Products

For nine-months period ended 30 September 2017, the Company and its subsidiary generated revenue from sales of processed sweetcorn and other processed agricultural products of 1,144.21 million Baht, decreasing by 5.86% from the same period in the previous year which was equal to 1,216.21 million Baht. This decrease was due to machine maintenance continued from fourth quarter of 2016. As a result, the Company was unable to produce as normal capability causing lower production and sales in first quarter of 2017.

บริษัท ชันสวีท จำกัด (มหาชน)

SUNSWEEET PUBLIC COMPANY LIMITED

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(2) Revenue from Trading Business

For nine-months period ended 30 September 2017, the Company and its subsidiary generated revenue from trading of 29.27 million Baht decreasing by 0.04 million when compared to the same period of previous year. The Company and its subsidiary remained focus on trading with existing customers buying sweet corn. Currently, the Company and its subsidiary set trading policy with only advance payment when submitting order as a way of the liquidity management to suit with current financial position.

Income from Other Sales

For nine-months period ended 30 September 2017, the Company and its subsidiary generated other sales revenues of 65.60 million Baht, increasing by 0.54 million Baht or 0.83% when compared to the same period of previous year.

Other Income

For nine-months period ended 30 September 2017, the Company and its subsidiary generated other revenues of 34.59 million Baht, increasing by 22.23 million Baht or 179.74% compared to the same period of previous year as the Company received profit from foreign exchange of 18.36 million Baht and compensation revenue from a financial institution regarding a case which the Company sued its ex-officer for corruption and forgery of signature on cheque. The dispute occurred in 2011, and the court, then, made judgement ordering the financial institution to indemnify for the Company in 2015. In this regard, the Company received compensation in August 2017. Moreover, the Company received compensation revenue from raw material and packaging providers and machine distributor amounting to 1.26 million Baht.

Cost of Goods Sold and Gross Profit from Sales

For nine-months period ended 30 September 2017, the Company and its subsidiary generated gross profit of 262.00 million Baht or gross profit margin of 21.15%, which was higher than that of 2016 which was equal to 18.51%. This was due to the Company participating in sweetcorn plantation development and education resulting in high quality sweetcorn and constant procurement in order to receive adequate amount of raw material for production. Also, the Company gained advantage from

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lower cost of purchasing. At the beginning of second quarter of 2017, the production machines were completely installed such as Automatic Can Filling Machine which was able to reduce labor force and increase accuracy of weight measurement and packaging led to lower loss rate and packaging time. Furthermore, the Company made an investment in retort machine resulting in improvement of energy usage efficiency, led to lower cost of energy usage.

Selling Expenses

For nine-months period ended 30 September 2017, the Company and its subsidiary generated selling expenses of 90.45 million Baht increasing by 2.45 million Baht or 2.79% when compared to the same period of previous year. This change was due to increasing in sales personnel.

Administrative Expenses

For nine-months period ended 30 September 2017, the Company and its subsidiary experienced management expenses of 64.46 million Baht increasing by 24.74 million Baht or 62.26% when compared to the same period of previous year. This increase was due to the restructure of the base salary, the remuneration for the members of Board of Directors, additional capital registration fee and noticing impairment losses of machine and factory equipment.

Financial Cost

For nine-months period ended 30 September 2017, the Company and its subsidiary showed financial cost of 17.37 million Baht, decreasing by 18.91% when compared to the same period of previous year. This decrease was due to the Company and its subsidiary used more working capital from internal cash and reduced use of short-term loans from financial institutions. Even though, portion of long-term loan was increased from machine investment, the financial cost was slightly cumulated as the long-term loan was started at the end of the second quarter of 2017.

Net Profit and Net Profit Margin

For nine-months period ended 30 September 2017, the Company and its subsidiary generated net profit of 111.49 million Baht compared to net profit from 2016 which was 90.22 million Baht, reflecting an increase by 23.58%. This increase was due to higher gross profit compared to the same period of previous year. Even though, the selling and administrative expenses was increased.

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For nine-months period ended 30 September 2017, net profit margin was 8.75% compared to net profit margin of 2016 which was 6.82%. This change was due to effective production management led to higher gross profit margin. Also, an increase in other income from profit from foreign exchange and compensation from a financial institution in the case of the Company suing its ex-officer for corruption and forgery of signature on cheque, as mentioned above.

Please be informed accordingly.

Yours Sincerely,



(Mr. Ongart Kittikhunchai)

Chief Executive Officer

Sunsweet Public Company Limited

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