

No. MDA-EN 01/2018

19 February 2018

Subject: Management Discussion and Analysis for the year ended 31<sup>st</sup> December 2017

To: The Director and Manager  
Of The Stock Exchange of Thailand

Sunsweet Public Company Limited ("the Company") would like to submit this Management Discussion and Analysis for the year ending on 31<sup>st</sup> December 2017, with details as follows

Statement of Comprehensive Income for the year ended 31 December 2017

Statement of Comprehensive Income	the year ended 31 December 2017	the year ended 31 December 2016	Increase (decrease)
	Million Baht	Million Baht	%
Revenue from sales of goods	1,562.09	1,625.06	-3.87%
Revenue from other sales	84.15	84.23	-0.09%
Total revenue from sales	1,646.24	1,709.29	-3.69%
Other income	40.76	16.66	144.62%
Total revenue	1,687.00	1,725.95	-2.26%
Cost of goods sold	(1,331.70)	(1,391.17)	-4.27%
Gross profit	314.54	318.12	-1.13%
Selling expenses	(120.29)	(122.42)	-1.73%
Administrative expenses	(85.94)	(58.02)	48.12%
Profit before financial costs and income tax	149.06	154.34	-3.42%
Finance costs	(24.80)	(25.45)	-2.55%
Profit before income tax	124.26	128.89	-3.59%
Income tax	(6.77)	(17.34)	-60.93%
Net profit for the year	117.49	111.67	5.32%

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**SUNSWEEET PUBLIC COMPANY LIMITED**

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IFS  
Certificate 10015492/PS

#### Revenue

The Company and its subsidiary had total Revenue in 2017 and 2016 amounting to 1,725.95 million Baht and 1,687.00 million Baht respectively.

#### Revenue from Sales

Revenue from sales of the Company and its subsidiary in 2017 and 2016 amounted to 1,709.29 million Baht and 1,646.24 million Baht, respectively. Details of significant change are as follows:

(1) Revenue from manufacture and distribution of Processed Sweet Corn and Other Processed Agricultural Products

In 2017 the Company and its subsidiary generated revenue from manufacturing and distributing processed sweet corn with an amount of 1,524.13 million Baht, decreasing from that of 2016 which was 1,589.38 million Baht, or 4.11% compared to the previous year. 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

(2) Revenue from Trading Business

In 2017, the Company and its subsidiary generated revenue from trading business amounting to 37.96 million Baht, increasing from that of 2016 which equaled to 2.28 million Baht or 6.39% compared to the 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

In 2017 the Company and its subsidiary generated revenue from other sales amounting to 84.15 million Baht, decreasing from that of 2016 equaled to 0.08 million Baht, or 0.09 % compared to the previous year.

#### Other Income

In 2017 the Company and its subsidiary generated other income amounting to 40.76 million Baht, increasing by 24.10 million Baht or 144.62% compared to the previous year. as the Company received profit from foreign exchange of 22.35 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

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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

In 2017 the Company and its subsidiary had gross profit margin of 19.11%, higher than that of 2016 which was 18.61%. This was because the Company developed knowledge and skills about sweet corn plantation for Brokers and farmers in Smart Farming project, which enabled the Company to source highly quality sweet corn with lower costs per unit. Additionally, the Company has improved the production process to increase efficiency through machinery investment 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. Another important reason is an increased proportion of Corn Pouch and Frozen Corn Kernel in 2016, which both have higher profit margins, compared to which of Can.

#### Selling Expenses

In 2017 the Company and its subsidiary had selling expenses of 120.29 million Baht, decreasing by 2.13 million Baht or 1.73% from the previous year. This change was due to increasing in export cost.

#### General and Administrative Expenses

In 2017 the Company and its subsidiary experienced management costs of 85.94 million Baht, increasing by 27.92 million Baht or 48.12% compared to the 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 Costs

In 2017 the Company and its subsidiary experienced financial costs amounting to 24.80 million Baht, reflecting a decrease of 2.55% compared to the previous year. This was due to a decreased long-term bank loan as the loans were repaid according to the loan contract. Apart from this, interests from line of credit for export (Packing Credit) also decreased.

#### Net Profit and Net Profit Margin

In 2017, the Company and its subsidiary generated net profit of 117.49 million Baht compared to net profit from 2016 which was 111.67 million Baht, reflecting an increase by 5.32%. This increase was due to

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higher gross profit compared to the same period of previous year. Even though, the selling and administrative expenses was increased.

In 2017, net profit margin was 6.96% compared to net profit margin of 2016 which was 6.46%. 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. Vira Nopwattanakorn)

Chief Finance Officer

Sunsweet Public Company Limited

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