

## Management Discussion and Analysis Translation

For the 9 month ended Sep. 30, 2019 and Sep.30, 2018

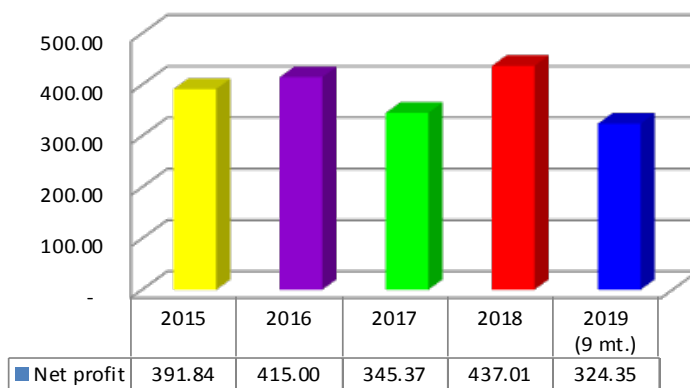
### Operating and Financial Status

#### Overview

Net profit for the 9 month in 2019 increased 3.32% or Bht. 10.41 million from 2018. Revenue has increased by 3.67% or Bht. 76.51 million from 2018. Traditional credit sales channel increased by 5.05% or increased Bht. 37.46 million. On the other hand Modern trade channels and Export trading firms decreased. Van Sale channel cost of sales of goods increased 2.80% or Bht. 21.76 million from 2018 resulted from higher competition, more discount and product promotion than 2018.

(In million Baht)	2019	%	2018	%	Change	%
	Jan. - Sep.		Jan. - Sep.			
Domestic Sales	1,681.48	76.77%	1,665.59	79.11%	15.89	0.95
Industrial Sales	225.87	10.31%	146.85	6.97%	79.02	53.81
Sales to associate	30.32	1.38%	72.72	3.45%	(42.40)	(58.31)
Export Sales	252.80	11.54%	220.50	10.47%	32.30	14.65
<b>Total</b>	<b>2,190.47</b>	<b>100.00%</b>	<b>2,105.66</b>	<b>100.00%</b>	<b>84.81</b>	<b>4.03</b>
Less volume rebates	(31.16)	-1.42%	(22.86)	-1.09%	(8.30)	36.31
<b>Net Sales</b>	<b>2,159.31</b>	<b>98.58%</b>	<b>2,082.80</b>	<b>98.91%</b>	<b>76.51</b>	<b>3.67</b>
Cost of Sales	1,436.61	66.53%	1,397.51	67.10%	39.10	2.80
Distribution Expenses	217.07	10.05%	195.31	9.38%	21.76	11.14
Administrative Expenses	129.92	6.02%	124.22	5.96%	5.70	4.59
<b>Net Profit</b>	<b>324.35</b>	<b>15.02%</b>	<b>313.94</b>	<b>15.07%</b>	<b>10.41</b>	<b>3.32</b>

Net profit (Million Bht.) Previous 5 yr.



## Operating review

### Profitability

Thai Theparos Plc earns net profit for 3<sup>rd</sup> Quarter ended in Sep. 30, as follow:-

	Q3/2019	Q3/2018	Change	%
	Jul.-Sep.	Jul.-Sep.		
Net profit (Million Baht)	104.39	101.75	2.64	2.59
Gross Profit Margin %	32.61	32.73	(0.12)	
Net Profit Margin %	14.94	14.98	(0.04)	

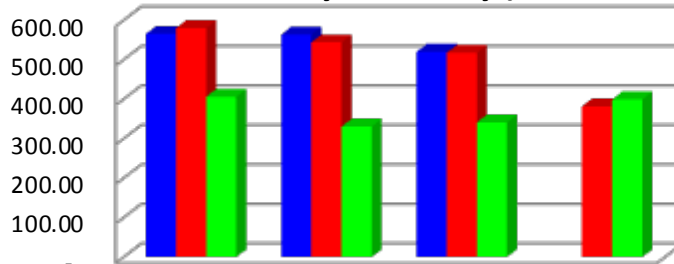
The factors that the Company earn net profit in Q3/2019 increased by 2.59 % or Bht. 2.64 million compared to that of Q3/2018 shown here under :-

(Million Baht)	Q3/2019	%	Q3/2018	%	Change	%
	Jul.-Sep.		Jul.-Sep.			
1.Domestic Sales	542.49	76.09%	526.81	77.21%	15.68	2.98
Industrial Sales	75.05	10.53%	50.09	7.34%	24.96	49.83
Sales to associate	7.74	1.09%	32.39	4.75%	(24.65)	(76.10)
Export Sales	87.65	12.29%	73.04	10.70%	14.61	20.00
Total	712.93	100.00%	682.33	100.00%	30.60	4.48
Less volume rebates	(22.03)	-3.09%	(8.98)	-1.32%	(13.05)	145.32
Net sales	690.90	96.91%	673.35	98.68%	17.55	2.61
2.Cost of sales	465.63		452.98		12.65	2.79
% Cost of sales / Sales	<b>67.39%</b>		<b>67.27%</b>		<b>0.12</b>	
3. Distribution expenses	65.81		63.78		2.03	3.18
% of total sales	<b>9.53%</b>		<b>9.47%</b>		<b>0.06</b>	
4. Administrative expenses	38.14		37.57		0.57	1.52
% of total sales	<b>5.52%</b>		<b>5.58%</b>		<b>(0.06)</b>	

Domestic sales of Q3/2019 increased from that Q3/2018 by 0.51% or Bht. 2.63 million due to distribution channels the credit traditional sales increased by 3.61% or increased Bht. 8.12 million, and modern trade channels increased by 7.48% or increased by Bht. 14.59 million as well as cash van sales channel increased by 1.71% or increased by Bht. 1.05 million and Export trading channel decreased by 17.84% or decreased by Bht. 7.92 million.

(Million Baht)	Q3/2019	%	Q3/2018	%	Change	%
	Jul. - Sep.		Jul. - Sep.			
Credit Traditional Sales	233.32	43.01%	225.20	42.75%	8.12	3.61
Cash Van Sales	62.55	11.53%	61.50	11.67%	1.05	1.71
Modern Trade	209.55	38.63%	194.96	37.01%	14.59	7.48
Trading Firms	36.48	6.72%	44.40	8.43%	(7.92)	(17.84)
Other	0.59	0.11%	0.75	0.14%	(0.16)	(21.33)
<b>Total Domestic Sales</b>	<b>542.49</b>	<b>100%</b>	<b>526.81</b>	<b>100.00%</b>	<b>15.68</b>	<b>2.98</b>
Less volume rebates	(22.03)	-4.06%	(8.98)	-1.70%	(13.05)	145.32
<b>Net Sales</b>	<b>520.46</b>	<b>95.94%</b>	<b>517.83</b>	<b>98.30%</b>	<b>2.63</b>	<b>0.51</b>

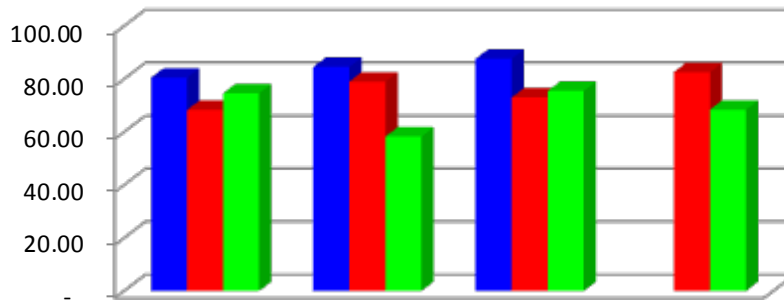
### Domestic sales by Quarterly (Million Baht)



	Q1	Q2	Q3	Q4	Annunal
2019	565.75	564.11	520.46	-	1,650.32
2018	580.62	544.29	517.83	382.33	2,025.07
2017	406.42	330.89	341.35	399.61	1,478.27

Export sales the 3 month in Q3/2019 has increased 20% or Bht. 14.61 million from that of Q3/2018. Due to the expanding market in Asia.

**Export Sales By Quarterly (Million Baht)**



		Q1	Q2	Q3	Q4	Annual
■	2019	80.55	84.60	87.65		252.80
■	2018	68.39	79.07	73.04	82.60	303.10
■	2017	74.66	58.27	75.54	68.47	276.94

Sales from associates Company for last 3 month in Q3/ 2019 has decreased 76.10% or decreased Bht. 24.65 million from that of Q3/2018.

Thaitheparos Plc. sold Yamasa (Thailand) Company Limited's shares on 27 November 2018 for Q3/2019 revenue of company do not include Yamasa (Thailand) Company Limited's sale

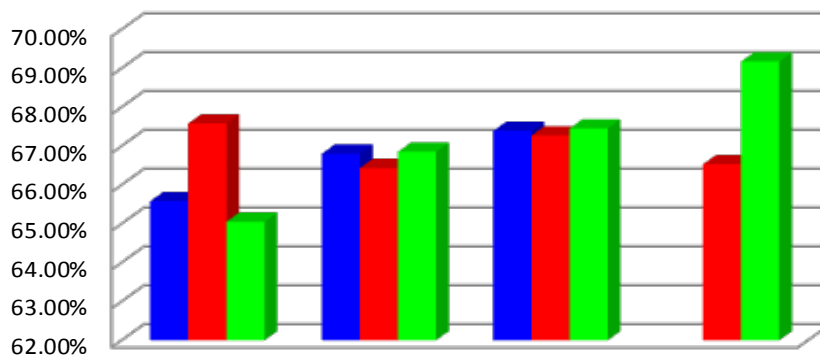
Thaitheparos Plc. continues to do business with Yamasa (Thailand) under industrial customer grouping which continue to growth from last year.

Exter (Thailand) Limited decreased sales by 15.41% or decreased by Bht. 1.41 million because the European market has changed and very competitive. Exter B.V. continues to develop new products for Exter (Thailand) Limited to complete competitive market environment.

(Million Baht)	2019	2018	Change	%
	Jul.-Sep.	Jul.-Sep.		
Exter (Thailand)	7.74	9.15	(1.41)	(15.41)
Yamasa (Thailand)	24.01	23.24	0.77	3.31
		<u>32.39</u>		

From the above reasons, the total sales in Q3/2019 increased 2.60% or Bht. 17.54 million from that of Q3/2018.

#### Cost of goods sold (% of sales) by Quarterly



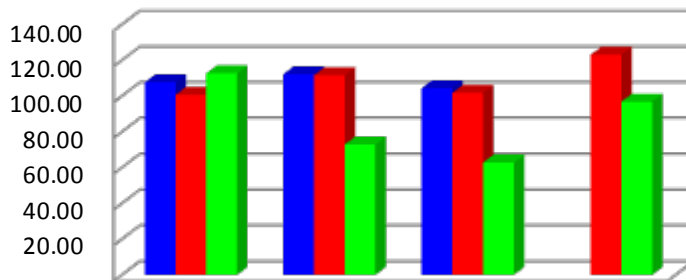
	Q1	Q2	Q3	Q4	Annual
■ 2019	65.58%	66.80%	67.39%		66.59%
■ 2018	67.58%	66.43%	67.27%	66.53%	66.96%
■ 2017	65.05%	66.85%	67.45%	69.17%	67.14%

Cost of goods sold increased 0.12% from 67.27% in Q3/2018 to 67.39% in Q3/2019.

The distribution expenses of sales increased 0.06% of total sales or Bht. 2.03 million from 9.47% of total sales in Q3/2018 to 9.53% in Q3/2019. Most of the increase was due to advertising and promotion items and free goods.

The administrative expenses decreased 0.06% of total sales or Bht. 0.57 million from 5.58% of total sales in Q3/2018 to 5.52% in Q3/2019. Due to loss from asset termination.

### Net Profit (Million Baht) by Quarterly



	Q1	Q2	Q3	Q4	Annual
■ 2019	107.73	112.23	104.39		324.35
■ 2018	100.62	111.58	101.75	123.06	437.01
■ 2017	112.72	72.93	62.80	96.92	345.37

Sauce has earning before income tax (EBT) for 3 month ended Sep. 30, as follows:-

	Q3/2019	Q3/2018	Change	%
Earning before income tax expense	129.40	125.84	3.56	2.83
EBT Margin	% 18.52	18.53	(0.01)	

Thai Theparos Plc earn net profit for 9 month ended Sep. 30, as follow:-

	2019	2018	Change	%
	Jan.-Sep.	Jan.-Sep.		
Net Profit (Million Baht)	324.35	313.94	10.41	3.32
Gross Profit Margin Ratio %	33.47	32.90	0.57	
Net Profit Ratio %	14.84	14.94	(0.10)	

The factors that the Company earn net profit in 2019 increased by 3.32% or Bht. 10.41 million compared to that of 2018 shown here under :-

(Million Baht)	2019	%	2018	%	Change	%
	Jan.-Sep.		Jan.-Sep.			
1.Domestic Sales	1,681.48	76.77%	1,665.59	79.11%	15.89	0.95
Industrial Sales	225.87	10.31%	146.85	6.97%	79.02	53.81
Sales to associate	30.32	1.38%	72.72	3.45%	(42.40)	(58.31)
Export Sales	252.80	11.54%	220.50	10.47%	32.30	14.65
Total	2,190.47	100.00%	2,105.66	100.00%	84.81	4.03
Less volume rebates	(31.16)	-1.42%	(22.86)	-1.09%	(8.30)	36.31
Net sales	2,159.31	98.58%	2,082.80	98.91%	76.51	3.67
2.Cost of sales	1,436.61		1,397.51		39.10	2.80
% Cost of sales / Sales	<b>66.53%</b>		<b>67.10%</b>		<b>(0.57)</b>	
3. Distribution expenses	217.07		195.31		21.76	11.14
% of total sales	<b>10.05%</b>		<b>9.38%</b>		<b>0.67</b>	
4. Administrative expenses	129.92		124.22		5.70	4.59
% of total sales	<b>6.02%</b>		<b>5.96%</b>		<b>0.06</b>	

(Million Baht)	2019	%	2018	%	Change	%
	Jan. - Sep.		Jan. - Sep.			
Credit Traditional Sales	779.02	46.33%	741.56	44.52%	37.46	5.05
Cash Van Sales	190.50	11.33%	195.10	11.71%	(4.60)	(2.36)
Modern Trade	577.42	34.34%	591.54	35.52%	(14.12)	(2.39)
Trading Firms	133.04	7.91%	135.73	8.15%	(2.69)	(1.98)
Other	1.50	0.09%	1.66	0.10%	(0.16)	(9.64)
<b>Total Domestic Sales</b>	<b>1,681.48</b>	<b>100.00%</b>	<b>1,665.59</b>	<b>100.00%</b>	<b>15.89</b>	<b>0.95</b>
Less volume rebates	(31.16)	-1.85%	(22.86)	-1.37%	(8.30)	36.31
<b>Net Sales</b>	<b>1,650.32</b>	<b>98.15%</b>	<b>1,642.73</b>	<b>98.63%</b>	<b>7.59</b>	<b>0.46</b>

Domestic sales increased by 0.46% or Bht.7.59 million from year of 2019.

Due to traditional trade sales channel, increased 5.05% or Bht.37.46 million. But cash van sales channel are decreased 2.36% or Bht. 4.60 million and decreased 2.39% or Bht. 14.12 million in modern trade channel.

Export sales increased by 14.65% or Bht. 32.30 million from year 2018. Due to the increasing order from AEC.

Sales from associates for 9 month in 2019 has decreased 58.31% or Bht. 42.40 million from that of 2018.

Thaitheparos Plc. sold Yamasa (Thailand) Company Limited's shares on 27 November 2018 for 2019 revenue of company do not include Yamasa (Thailand) Company Limited's sale

Thaitheparos Plc. continues to do business with Yamasa (Thailand) under industrial customer grouping with continue growth for 2019.



Total sales of Associated Company for 9 month in 2019 does not include Yamasa (Thailand)'s revenue. Total sale of Associated Company for 2019 and 2018 ending 30 September increased by 34.24% or Bht. 17.35 millions from previous year.

Exter (Thailand) Limited sales increased from 37.51% in year 2019 or increased by Bht. 8.27 million.

(Million Baht)	2019	2018	Change	%
	Jan.-Sep.	Jan.-Sep.		
Exter (Thailand)	30.32	22.05	8.27	37.51
Yamasa (Thailand)	68.02	50.67	17.35	34.24
		<u>72.72</u>		

The total sales in 2019 is increased Bht. 2,159.31 million, while in 2018 increased only Bht. 2,082.80 million or increased by 3.67% or Bht. 76.51 million

Cost of goods sold decreased 0.57% of total sales or Bht. 39.10 million from 67.10% of sales or Bht. 1,397.51 million in 2018 to 66.53% of sales or Bht. 1,436.61 million in 2019.

The Distribution expenses increased 0.67% of sales or Bht. 21.76 million from 9.38% of sales or Bht. 195.31 million in 2018 to 10.05% of sales or Bht. 217.07 million in 2019, increased due to advertising expenses and promotion expenses.

The administrative expenses increased by 0.06% of sales or Bht. 5.70 million from 5.96% of sales or Bht. 124.22 million in 2018 to 6.02% of sales or Bht. 129.92 in 2019, increased from for employees expenses.

Sauce has earning before income tax (EBT) for 9 month ended Sep. 30, as follows:-

	2019	2018	Change	%
	Jan.-Sep.	Jan.-Sep.		
Earning before income tax expense	402.41	388.30	14.11	3.63
EBT Margin %	18.41	18.48	(0.07)	

### Dividend Policy

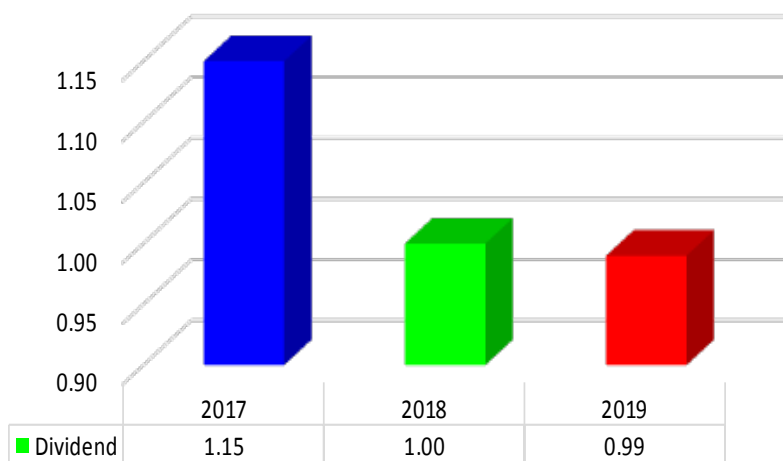
Minimum of 50% of net profit annually and will be paid in next year.

### Dividend Payment

At the annual general meeting of the shareholders of the Company held on 24 April 2019, the shareholders approved the appropriation of dividend for 2018 amounting 360 million shares, operation of Baht 0.99 per share, amounting to Baht 356.40 million (payout ratio 81.55% ). The dividend was paid to shareholders on May 17, 2019.

	2019	2018	Change	%
	Jan.-Sep.	Jan.-Sep.		
Net profit (Last year)	437.01	345.37	91.64	26.53
Dividends paid ( Millon Baht)	356.40	360.00	(3.60)	(1.00)
Dividends per share (Baht)	0.99	1.00	(0.01)	(1.00)
Dividends pay out ratio	% 81.55%	104.24%	(22.68)	

**Dividend payment by Annually (Baht)**



## Report and Analysis of Financial Position

### Financial Structure

#### Debt Equity Ratios

In 2019 0.12 positions and 0.12 in 2018. The financial structure was suitable to the size of operations and business equal to 2018.

(Million Baht)	Sep. 30, 2019	%	Dec. 31, 2018	%
Total liabilities	290.45	10.91	280.17	10.44
Equity	2,371.19	89.09	2,403.33	89.56
<b>Total assets</b>	<b>2,661.64</b>	<b>100.00</b>	<b>2,683.50</b>	<b>100.00</b>
Trade accounts payable	107.53	4.04	92.50	3.45
Income tax payable	24.67	0.92	54.80	2.04
Other accounts payable	99.67	3.74	91.37	3.40
Non current liabilities	58.58	2.20	41.50	1.55
<b>Total liabilities</b>	<b>290.45</b>	<b>10.91</b>	<b>280.17</b>	<b>10.44</b>
Issued and paid-up share capital	360.00	13.53	360.00	13.41
Premium on ordinary shares	615.60	23.13	615.60	22.94
Fair value change in investment	0.08	0.00	0.01	0.00
Legal reserve retained eaming	60.00	2.25	60.00	2.24
Unappropriated retained eaming	1,335.67	50.18	1,367.72	50.97
<b>Total equity</b>	<b>2,371.35</b>	<b>89.09</b>	<b>2,403.33</b>	<b>89.56</b>

The company has no debt resulting from loan of any kind. Most of liabilities are current liabilities. All working capital come from shareholders.

## Liquidity

### Cash flows

(Million Baht)	2019	2018	Change	%
	Jan. - Sep.	Jan. - Sep.		
Cash flows from operating activities	440.94	383.34	57.60	15.03
Net cash uses in investment activities	(79.11)	(62.89)	(16.22)	25.79
Net cash uses in financing activities	(356.40)	(359.99)	3.59	(1.00)
Net increase (decrease) in cash and cash equivalents	<b>5.43</b>	<b>(39.54)</b>	<b>44.97</b>	<b>(113.73)</b>

(Million Baht)	Sep 30,2019	Dec.31,2018	Change	%
	Current assets	1,372.32		
Current liabilities	231.87	238.67	(6.80)	(2.85)
Current ratio (Time)	<b>5.92</b>	<b>5.74</b>	<b>0.18</b>	<b>3.12</b>

### Current ratio

Current ratio in 2019 is 5.92 times, increased from 5.74 times in 2018. This result from the increased of current assets by Bht. 2.46 million , most of which are cash and cash equivalents. and the decreased of current liabilities by Bht. 6.80 million, most of these are trade accounts payment.

As at September 30, 2019, we have total cash and cash equivalents more than Bht. 405.14 million, in addition, have clear credit limit with the major banks more than Bht. 32.50 million, to support the Company for emergency and unutilized credit facilities Bht. 65 million. The company had unutilized credit facilities totaling Bht. 97.50 million.

### The ability to pay debt and practice according to the loan

The company has no debt resulting from loan of any kind. Most of liabilities are current liabilities from trade account payable and accrued expenses. The company has performed its duty as a good debtor and paid debt in Accordance with customer's trade agreement.

**Quality of Assets**

**Change in Assets**

As at Sep. 30, 2019 Sauce has Bt. 2,661.64 million of total assets, the growth decreased 0.81% compare to Bt. 2,683.50 million as at December 31, 2018.

As at September 30, 2019, Sauce has current assets as 51.56%, and non-current assets as 48.44 of total assets compare to 51.05 and 48.95 as at December 31, 2018.

(Millon Baht)		Sep. 30,2019	Dec. 31, 2018	Change	%
Current assets		1,372.32	1,369.86	2.46	0.18
Non current assets		1,289.32	1,313.64	(24.32)	(1.85)
<b>Total assets</b>		<b>2,661.64</b>	<b>2,683.50</b>	<b>(21.86)</b>	<b>(0.81)</b>
Current assets / Total assets	%	51.56	51.05	0.51	
Non current assets / Total assets	%	48.44	48.95	(0.51)	
<b>Total assets</b>	<b>%</b>	<b>100.00</b>	<b>100.00</b>	<b>-</b>	

### Main Part of Assets

	Sep. 30,		Dec. 31,	
	2019		2018	
	Millon Baht	%	Millon Baht	%
Property, plant and equipment	999.23	37.54	1,056.73	39.38
Inventories	440.26	16.54	443.43	16.52
Cash and cash equivalent	405.14	15.22	399.71	14.90
Trade accounts receivables	302.27	11.36	316.23	11.78
Current investments	197.72	7.43	177.70	6.62
Land not used in operations	189.90	7.13	189.90	7.08
Other long-term investments	40.35	1.51	20.46	0.77
Other receivables	25.15	0.94	13.15	0.49
Deferred tax assets	19.41	0.73	16.47	0.61
Investments in associates	17.86	0.67	17.15	0.64
Long-term loans to associate	11.50	0.43	-	-
Intangible assets	5.11	0.20	6.58	0.24
Bank deposits under commitment	4.59	0.17	4.59	0.17
Other non-current assets	1.37	0.06	1.77	0.07
Advance payment for raw materials purchased	1.28	0.05	19.63	0.73
Current portion of loans to associate	0.50	0.02	-	-
<b>Total assets</b>	<b>2,661.64</b>	<b>100.00</b>	<b>2,683.50</b>	<b>100.00</b>

Concerning accounts receivable, the Company has set aside an adequate allowance for doubtful accounts. As at September 30, 2019, we have total allowance for doubtful accounts in the amounting of Bht. 3.12 million which increased by Bht. 3.10 million.

(Millon Baht)	Sep. 30, 2019	Dec. 31, 2018	Change	%
Related parties	15.78	20.56	(4.78)	(23.25)
Other parties	289.61	298.77	(9.16)	(3.07)
<b>Total</b>	<b>305.39</b>	<b>319.33</b>	<b>(13.94)</b>	<b>(4.37)</b>
Less allowance for doubtful accounts	(3.12)	(3.10)	(0.02)	0.65
<b>Net trade accounts receivable</b>	<b>302.27</b>	<b>316.23</b>	<b>(13.96)</b>	<b>(4.41)</b>

Inventories no the obsolescence and deterioration.

(Millon Baht)	Sep. 30, 2019	Dec. 31, 2018	Change	%
Finished goods	104.04	91.04	13.00	14.28
Work in progress	130.56	113.65	16.91	14.88
Raw materials	203.21	234.96	(31.75)	(13.51)
Raw materials in transit	1.63	3.14	(1.51)	(48.09)
Suplies	0.82	0.64	0.18	28.13
<b>Total inventories</b>	<b>440.26</b>	<b>443.43</b>	<b>(3.17)</b>	<b>(0.71)</b>

Long-term investment will be due in 2029 for the amount of Bt. 40 million.

(Millon Baht)	Sep. 30, 2019	Dec. 31, 2018	Change	%
Debentures	40.00	20.00	20.00	100.00
Investment in marketable equity security	0.35	0.46	(0.11)	(23.91)
<b>Total long-term investment</b>	<b>40.35</b>	<b>20.46</b>	<b>19.89</b>	<b>97.21</b>

Allowance for impairment losses

Unused land

(Million Baht)	Sep. 30, 2019	Dec. 31, 2018	Change	%
Unused land at cost	204.07	204.07	-	-
Less allowance for impairment losses	(14.17)	(14.17)	-	-
<b>Net</b>	<b>189.90</b>	<b>189.90</b>	-	-

The company has land not used for operations which had been acquired for the purpose of plant expansion in 1994. The company had reconsidered the purpose and cancelled the expansion project since current plant is able to support the growth of the company.

According to the appraisal report of an independent appraiser dated September 14, 2018, the independent appraiser appraised the land that has not been used to operate the company using the market price comparison method. With an appraised value of 189.90 baht.

Tanawat Winyarat  
(Mr. Tanawat Winyarat)  
Deputy Managing Director