

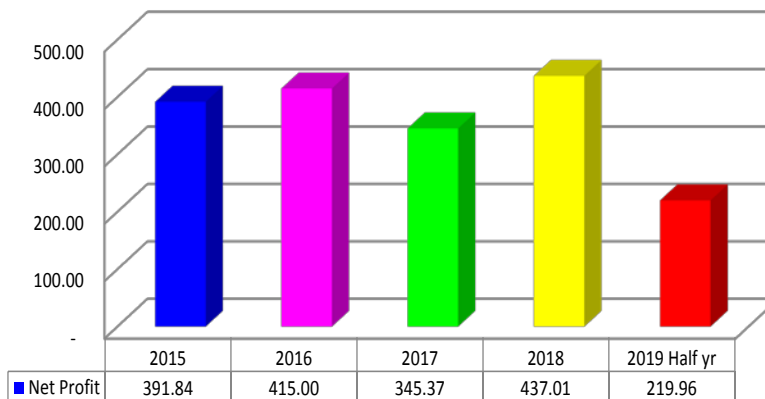
**Management Discussion and Analysis Translation**  
**For the 6 month ended June 30, 2019 and June 30, 2018**  
**Operating and Financial Status**

**Overview**

Net profit for the 6 month in 2019 increased 3.66% or Bht. 7.76 million from 2018. Revenue has increased by 4.18% or Bht. 58.96 million, while distribution channels from credit traditional sales 5.68% or Bht. 29.34 million , and trading firms increased by 5.73% or Bht. 5.23 million while the cost of goods sold increased by 2.80% and distribution expenses increased due to higher the competition of modern trade channels.

(in million Baht)	2019	2018	Change	%
	Jan. - Jun.	Jan. - Jun.		
Domestic Sales	1,138.99	1,138.78	0.21	0.02
Industrial Sales	150.82	96.76	54.06	55.87
Sales to associate	22.58	40.33	(17.75)	(44.01)
Export Sales	165.15	147.46	17.69	12.00
<b>Total</b>	<b>1,477.54</b>	<b>1,423.33</b>	<b>54.21</b>	<b>3.81</b>
Less volume rebates	9.13	13.88	(4.75)	(34.22)
<b>Net Sales</b>	<b>1,468.41</b>	<b>1,409.45</b>	<b>58.96</b>	<b>4.18</b>
Cost of Sales	970.98	944.53	26.45	2.80
Distribution Expenses	151.26	131.54	19.72	14.99
Administrative Expenses	91.78	86.64	5.14	5.93
<b>Net Profit</b>	<b>219.96</b>	<b>212.20</b>	<b>7.76</b>	<b>3.66</b>

**Net Profit (Million Bht.) previous 5 Years**





### Operating Analysis

#### Profitability

Thai Theparos Plc. earn net profit for 3month ended June 30. As follow:-

	Q2/2019	Q2/2018	Change	%
	Apr. - Jun.	Apr. - Jun.		
Net profit ( THB in millions)	112.23	111.58	0.65	0.58
Gross Profit Margin	% 33.20	33.67	(0.47)	
Net Profit Margin	% 15.13	15.98	(0.85)	

The company net profit in Q2/ 2019 increased by 0.58% or Bht. 0.65 million compared to Q2/2018.



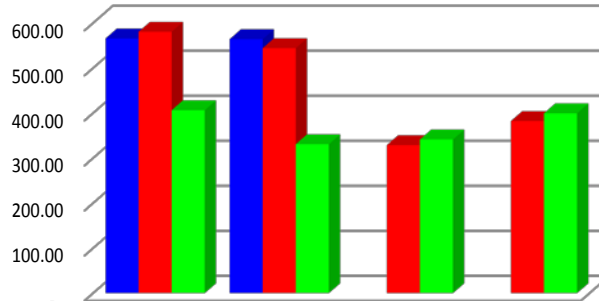
(Million Baht)	Q2/2019	Q2/2018	Change	%
	Apr. - Jun.	Apr. - Jun.		
1. Domestic Sales	571.47	553.70	17.77	3.21
Industrial Sales	70.70	46.94	23.76	50.62
Sales to associate	11.48	21.39	(9.91)	(46.33)
Export Sales	84.60	79.07	5.53	6.99
Total	738.25	701.10	37.15	5.30
Less volume rebates	7.36	9.41	(2.05)	(21.79)
Net Sales	730.89	691.69	39.20	5.67
2. Cost of sales of goods	488.24	459.49	28.75	6.26
% of total sales of goods	66.80%	66.43%	0.37	
3. Distribution expenses	67.28	59.07	8.21	13.90
% of total sales of goods	9.21%	8.54%	0.67	
4. Administrative expenses	47.77	41.78	5.99	14.34
% of total sales of goods	6.54%	6.04%	0.50	

Domestic sales increased by 3.64% or Bht. 19.82 million from that of Q2/2018 mostly from increased 21.73% or Bht. 8.83 million in trading firms.

(Million Baht)	Q2/2019	Q2/2018	Change	%
	Apr. - Jun.	Apr. - Jun.		
Credit Traditional Sales	275.22	265.90	9.32	3.51
Cash Van Sales	63.93	65.10	(1.17)	(1.80)
Modern Trade	182.41	181.43	0.98	0.54
Trading Firms	49.47	40.64	8.83	21.73
Other	0.44	0.63	(0.19)	(30.16)
Total Domestic Sales	571.47	553.70	17.77	3.21
Less volume rebates	7.36	9.41	(2.05)	(21.79)
Net Sales	564.11	544.29	19.82	3.64



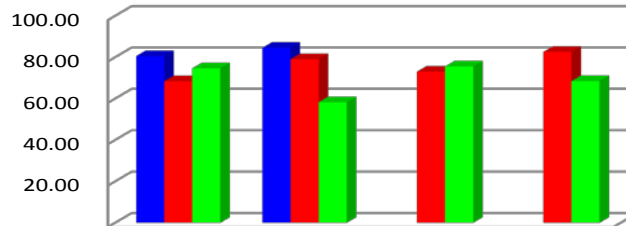
Domestic sales by Quarterly (Million Bht.)



	Q1	Q2	Q3	Q4	ANNUAL
2019	565.75	564.11			1,129.86
2018	580.62	544.29	328.89	382.33	1,836.13
2017	406.42	330.89	341.35	399.61	1,478.27

Export sales the 3 month in Q2/2019 has increased 6.99% or Bht. 5.53 million from that of Q2/2018.

Export sales by Quarterly (Million Bht.)



	Q1	Q2	Q3	Q4	ANNUAL
2019	80.55	84.60			165.15
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 for a 3month in Q2/ 2019 has decreased 46.33% or Bht. 9.91 million from that of Q2/2018.

Thaitheparos Plc. sold Yamasa (Thailand) Company Limited's shares on 27 November 2018 for Q2/2019 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 Q2/2019.

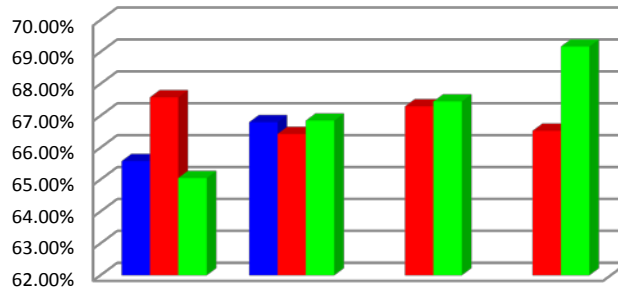
Exter (Thailand) Limited increased sales by 123.46% or increased by Bht. 6.34 million because Exeter B.V. pushed the product to increase the Asian market.

(Million Baht)	2019	2018	Change	%
	Apr.-Jun.	Apr.-Jun.		
Exter (Thailand)	11.48	5.14	6.34	123.46
Yamasa (Thailand)	21.43	16.25	5.18	31.86

From the above reasons, the total sales in Q2/2019 increased 5.67% or Bht. 39.20 million from that of Q2/2018.



Cost of goods sold (% of sales) by Quarterly



	Q1	Q2	Q3	Q4	ANNUAL
2019	65.58%	66.80%			66.12%
2018	67.58%	66.43%	67.30%	66.53%	66.96%
2017	65.05%	66.85%	67.45%	69.17%	67.14%

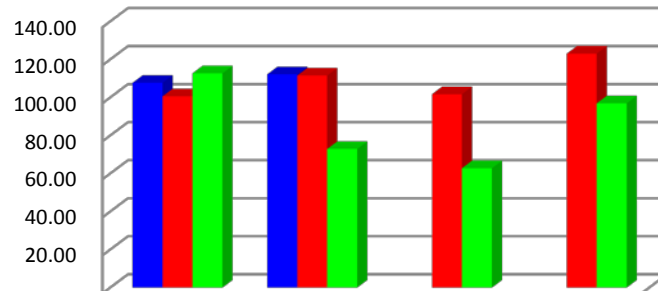
Cost of goods sold increased 0.37% from 66.43% in Q2/2018 to 66.80% in Q2/2019.

The distribution expenses of sales increased 0.67% of total sales from 8.54% of total sales in Q2/2018 to 9.21% in Q2/2019. Most of the increase was due to promotional expenses.

The administrative expenses increased 0.50% of total sales from 6.04% of total sales in Q2/2018 to 6.54% in Q2/2019



**Net profit (Million Bht.) by Quarterly**



	Q1	Q2	Q3	Q4	Annual
2019	107.73	112.23			219.96
2018	100.62	111.58	101.75	123.06	437.01
2017	112.72	72.93	62.80	96.92	345.37

Sauce has earnings before income tax (EBT) for 3 month end June 30, as follows:-

	Q2/2019 Apr. - Jun.	Q2/2018 Apr. - Jun.	Change	%
Earning before income tax expense	139.13	138.00	1.13	0.82
EBT Margin	% 18.76	19.77	(1.01)	



Thai Theparos Plc. earn net profit for 6 month ended June 30, as follows:-

	2019	2018	Change	%
	Jan.-Jun.	Jan.-Jun.		
Net Profit (THB in millions)	219.96	212.20	7.76	3.66
Gross Profit Margin Ratio %	33.88	32.99	0.89	
Net Profit Ratio %	14.79	14.92	(0.13)	

The factors that the Company earn net profit in 2019 increased by 3.66% or Bht. 7.76 million compared to that of 2018 shown here under:-

(Million Baht)	2019	2018	Change	%
	Jan.-Jun.	Jan.-Jun.		
1. Domestic Sales	1,138.99	1,138.78	0.21	0.02
Industrial Sales	150.82	96.76	54.06	55.87
Sales to associate	22.58	40.33	(17.75)	(44.01)
Export Sales	165.15	147.46	17.69	12.00
<b>Total</b>	<b>1,477.54</b>	<b>1,423.33</b>	<b>54.21</b>	<b>3.81</b>
Less volume rebates	9.13	13.88	(4.75)	(34.22)
<b>Net sales</b>	<b>1,468.41</b>	<b>1,409.45</b>	<b>58.96</b>	<b>4.18</b>
2. Cost of sales	970.98	944.53	26.45	2.80
% Cost of sales/Sales	66.12%	67.01%	(0.89)	
3. Distribution expenses	151.26	131.54	19.72	14.99
% of total sales	10.30%	9.33%	0.97	
4. Administrative expenses	91.78	86.64	5.14	5.93
% of total sales	6.25%	6.15%	0.10	





(Million Baht)	2019	2018	Change	%
	Jan-Jun	Jan-Jun		
Traditional Sales	545.70	516.36	29.34	5.68
Cash Van Sales	127.95	133.60	(5.65)	(4.23)
Modern Trade	367.87	396.58	(28.71)	(7.24)
Trading Firms	96.56	91.33	5.23	5.73
Other	0.91	0.91	0.00	0.00
<b>Total</b>	<b>1,138.99</b>	<b>1,138.78</b>	<b>0.21</b>	<b>0.02</b>
Less volume rebates	9.13	13.88	(4.75)	(34.22)
<b>Net Sales</b>	<b>1,129.86</b>	<b>1,124.90</b>	<b>4.96</b>	<b>0.44</b>

Domestic sales increased by 0.44% or Bht. 4.96 million from year of 2018.

Due to traditional trade sales channel, increased 5.68% or Bht.29.34 million. But cash van sales channel are decreased 4.23% or Bht. 5.65 million and increased 5.73% or Bht. 5.23 million in trading firms channel.

Export sales increased by 12% or Bht. 17.69 million from year 2018. Due to the increasing order from AEC.



Total sales of Associated Company for 6 month in 2019 does not include Yamasa (Thailand)'s revenue. Total sale of Associated Company for first half of 2019 and 2018 ending 30 June decreased by Bht. 17.75 millions or 44.01% from previous year.

Exter (Thailand) Limited sales increased from 75.01% in year 2019 or increased by Bht.9.68 million.

(Million Baht)	2019	2018	Change	%
	Jan.-Jun.	Jan.-Jun.		
Exter (Thailand)	22.58	12.90	9.68	75.01
Yamasa (Thailand)	44.01	27.43	16.58	60.43
		40.33		

The total sales in 2019 is increased Bht. 1,468.41 million, while in 2018 increased only Bht. 1,409.45 million or increased by 4.18% or Bht. 58.96 million

Cost of goods sold decreased from 67.01% of total sales in 2018 to 66.12% , which decreased of 0.89% or Bht. 26.45 million in 2019. The main reasons are for the promotion.

Distribution expenses increased from 9.33% of total sales in 2018 to 10.30%, which increase of 0.97% or Bht. 19.72 million in 2019. Most increased from promotion expenses.

The administrative expenses increased from 6.15% of total sales in 2018 to 6.25%, which increased of 0.10% or Bht. 5.14 million in 2019.



Sauce has earnings before income tax (EBT) for 6 month ended June 30, as follows:-

	2019	2018	Change	%
	Jan.- Jun.	Jan.- Jun.		
Earning befor income tax expense	273.01	262.47	10.54	4.02
EBT Margin	% 18.36	18.46	(0.10)	



### Dividend Policy

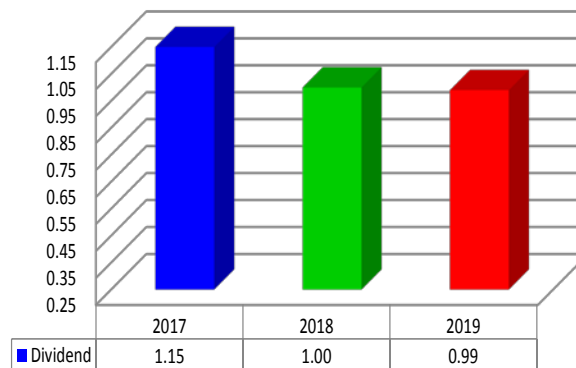
Minimum of 50% of net profit annually and will be paid in next year.

### 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	%
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%	(22.69)	

Dividend payment by Annually (Baht)





## Report and Analysis of Financial Position

### Financial Structure

#### Debt Equity Ratios

In 2019 the debt equity ratio was 0.14 which increased 0.12 in 2018. The financial structure was suitable to the size of operations and business equal to 2018.

	June 30,		December 31,	
	2019		2018	
	Million Baht	%	Million Baht	%
Total liabilities	315.25	12.21	280.17	10.44
Equity	2,266.85	87.79	2,403.33	89.56
<b>Total assets</b>	<b>2,582.10</b>	<b>100.00</b>	<b>2,683.50</b>	<b>100.00</b>
Trade accounts payable	115.62	4.48	92.50	3.45
Income tax payable	56.11	2.17	54.80	2.04
Other accounts payable	87.14	3.37	91.37	3.40
Non current liabilities	56.38	2.19	41.50	1.55
<b>Total liabilities</b>	<b>315.25</b>	<b>12.21</b>	<b>280.17</b>	<b>10.44</b>
Issued and paid-up share capital	360.00	13.94	360.00	13.41
Premium on ordinary shares	615.60	23.84	615.60	22.94
Fair value change in investment	(0.03)	(0.00)	0.01	-
Legal reserve retained earning	60.00	2.32	60.00	2.24
Unappropriated retained earning	1,231.28	47.69	1,367.72	50.97
<b>Total equity</b>	<b>2,266.85</b>	<b>87.79</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. Most of company's capital come from shareholders.



## **Liquidity**

### **Cash flows**

(Million Baht)	2019	2018	Change	%
	Jan. - Jun.	Jan. - Jun.		
Cash flows from operating activities	340.44	266.44	74.00	27.77
Net cash uses in investment activities	(20.59)	53.18	(73.77)	(138.72)
Net cash uses in financing activities	(356.40)	(360.00)	3.60	(1.00)
Net increase (decrease) in cash	-	-	-	-
and cash equivalents	<b>(36.55)</b>	<b>(40.38)</b>	<b>3.83</b>	<b>(9.48)</b>

(Million Baht)	June 30,2019	Dec.31,2018	Change	%
Current assets	1,268.96	1,369.86	(100.90)	(7.37)
Current liabilities	258.87	238.67	20.20	8.46
Current ratio (Time)	<b>4.90</b>	<b>5.74</b>	<b>(0.84)</b>	<b>(14.59)</b>

### **Current ratio**

Current ratio in 2019 is 4.90 times, decreased from 5.74 times in 2018. This result from the decreased of current assets by Bht. 100.90 million ,and the increase of current liabilities by Bht. 20.20 million, most of these are trade accounts payment.

As at June 30, 2019, we have total cash and cash equivalents more than Bht. 363.17 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 June 30, 2019 Sauce has Bht. 2,582.10 million of total assets, the growth decreased 3.78% compare to Bht. 2,683.50 million as at December 31, 2018.

(Million Baht)		June 30,2019	Dec. 31, 2018	Change	%
Current assets		1,268.96	1,369.86	(100.90)	(7.37)
Non current assets		1,313.14	1,313.64	(0.50)	(0.04)
<b>Total assets</b>		<b>2,582.10</b>	<b>2,683.50</b>	<b>(101.40)</b>	<b>(3.78)</b>
Current assets / Total assets	%	49.14	51.05	(1.90)	
Non current assets / Total assets	%	50.86	48.95	1.90	
<b>Total assets</b>	<b>%</b>	<b>100.00</b>	<b>100.00</b>		

As at June 30, 2019, Sauce has current assets as 49.14%, and non-current assets as 50.86 of total assets compare to 51.05 and 48.95 as at December 31, 2018.



**Main Part of Assets**

	June 30,		December 31,	
	2019		2018	
	Million Bah	%	Million Bah	%
Property, plant and equipment	1,021.95	39.58	1,056.73	39.38
Inventories	425.42	16.48	443.43	16.52
Cash and cash equivalent	363.17	14.06	399.71	14.90
Trade accounts	300.81	11.65	316.23	11.78
Unused land	189.90	7.35	189.90	7.08
Current investments	147.72	5.72	177.70	6.62
Other long-term investment	40.41	1.57	20.46	0.77
Other receivables	24.50	0.95	13.15	0.49
Deferred tax assets	19.67	0.76	16.47	0.61
Investments in associates	17.39	0.67	17.15	0.64
Current portion of loan to associa	12.00	0.46	-	-
Advance payment for raw materia	7.35	0.28	19.63	0.73
Intangible assets	5.74	0.23	6.58	0.24
Bank deposits under commitment	4.59	0.18	4.59	0.17
Other non-current assets	1.48	0.06	1.77	0.07
<b>Total assets</b>	<b>2,582.10</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 June 30, 2019, we have total allowance for doubtful accounts in the amounting of Bht. 3.10 million which is equal to Bht. 3.10 million.

(Millon Baht)	June 30 2019	Dec. 31, 2018	Change	%
Related parties	21.97	20.56	1.41	6.86
Other parties	281.94	298.77	(16.83)	(5.63)
<b>Total</b>	<b>303.91</b>	<b>319.33</b>	<b>(15.42)</b>	<b>(4.83)</b>
Less allowance for doubtful accounts	(3.10)	(3.10)	-	-
<b>Net trade accounts receivable</b>	<b>300.81</b>	<b>316.23</b>	<b>(15.42)</b>	<b>(4.88)</b>

Inventories no the obsolescence and deterioration.

(Millon Baht)	June 30, 2019	Dec. 31, 2018	Change	%
Finished goods	95.85	91.04	4.81	5.28
Work in progress	120.84	113.65	7.19	6.33
Raw materials	204.05	234.96	(30.91)	(13.16)
Raw materials in transit	3.98	3.14	0.84	26.75
Suplies	0.70	0.64	0.06	9.37
<b>Total inventories</b>	<b>425.42</b>	<b>443.43</b>	<b>(18.01)</b>	<b>(4.06)</b>

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

(Millon Baht)	June 30,2019	Dec. 31,2018	Change	%
Debentures	40.00	20.00	20.00	100.00
Investment in marketable equity security	0.41	0.46	(0.05)	(10.87)
<b>Total long-term investment</b>	<b>40.41</b>	<b>20.46</b>	<b>19.95</b>	<b>97.51</b>



Allowance for impairment losses

Unused land

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

The company has the land not used in 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