

Ref: PCL 2017/002

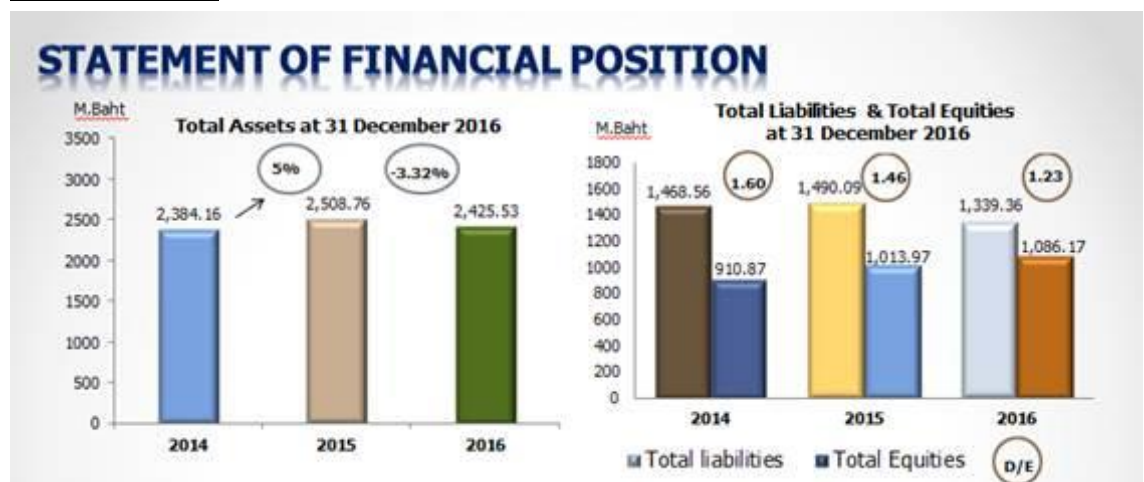
February 22, 2017

Subject: Management Discussion and Analysis Yearly Ended 31 December 2016

To: The President of the Stock Exchange of Thailand

Panjawattana Plastic Public Company Limited and its subsidiaries ("the Company") would like to clarify herewith the operating result for the year 2016 as follows:-

Financial Position

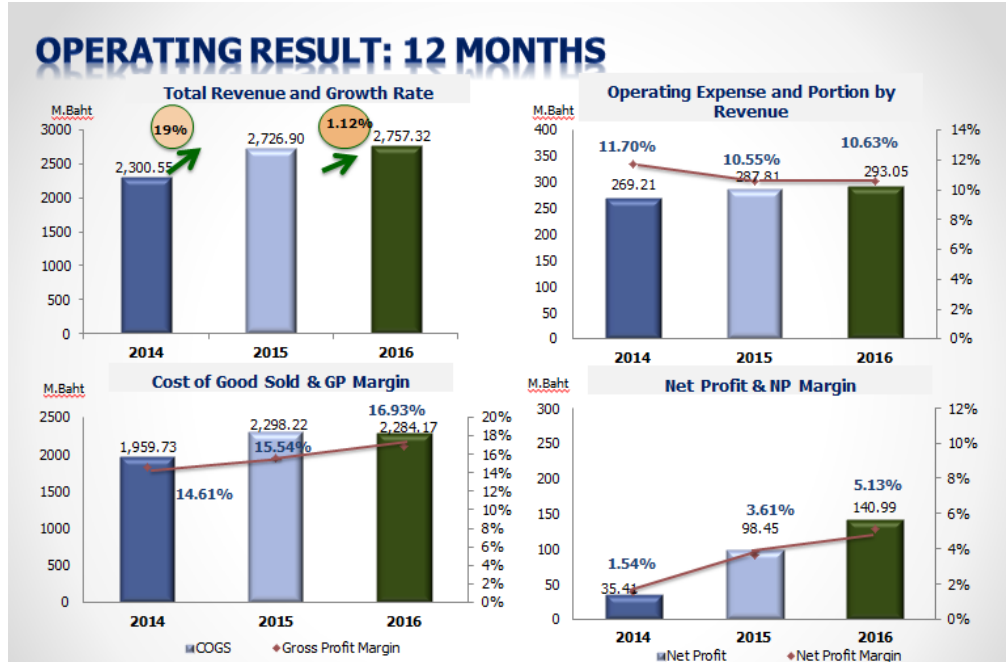


In 2016, total assets of consolidated financial statements of the Company had a decrease of Baht 83.24 million or 3.32%, compared with last year, major decrease from cash and cash equivalents that reduced from dividend payment. In addition, trade accounts receivable decreased by Baht 19.96 million or 3.94%, compared with last year because the collection of packaging customers had been improved due to the contract renewals were completed in the middle of the year. As a result, the outstanding balance of trade accounts receivable was reduced by the end of this year. Meanwhile, the plant and equipment was increased by Baht 25.11 million from an investment in machine and equipment and modifications of some old machines in order to enhance the productivity.

As of 31 December 2016, the Company had consolidated liabilities decreased from last year of Baht 150.73 million mainly from the reduction of Bank overdrafts and short-term loans from financial institutions and Short-term loans from other individual by Baht 80.89 million and Baht 90 million respectively. The reduction was caused by an improved of trade accounts receivable collection. Long term loan was increased by Baht 78.2 million in order to reduce the usage of bank overdrafts and short-term loans. As of 31 December 2016, the consolidated debt to equity ratio equals to 1.23 (As of 31 December 2015: 1.46).



Operating result



In 2016, the consolidated net profit of the Company was Baht 140.99 million, an increase of Baht 42.53 million, or 43.2% from last year. The main reasons for an increase in operating profit were as follows:-

1. The consolidated sales increased Baht 28.70 million, or 1.05% owing to an increase in sales of packaging for milk and yogurt packaging as well as lubricant packaging. Meanwhile sales of packaging for consumer and agriculture chemical packaging decreased as a result of drought problem in the early of the year.
2. The consolidated gross profit margin (GP) was 16.93%, increase from last year at 15.54% due to an improvement in productivity and lower cost per unit. In addition, the painting part business unit had decreased in loss from operation due to cost and defect control that deem to be better compare with last year.
3. The consolidated net profit margin (NP) was 5.13%, an increase from last year at 3.61%, due to an increase in GP and the reduction of consolidated finance cost and income tax expenses in proportional to consolidated sale, together with the loss of painting part business unit reduced from last year.

Please be informed accordingly

Sincerely yours

(Mrs. Prim Chaiyawat)

Company's Secretary