

# Chairman's Message

During the year 2017, world economic growth remains slow. This is evident from the large economies of the United States of America, Japan and the European Union. As a result, Thailand's overall exports expanded in line with demand from trading partners, however the considerable strengthening of the Thai Baht over the last year has made us less competitive and impacted on revenues.

Over the years 2011 to 2016 the volume of pineapple for processing in Thailand fell year on year and fruit prices rose to record highs reaching 13 baht per kg. in 2016. However, the supply situation has improved beginning in the new winter harvest season and continuing throughout 2017. As a result fruit prices began to fall from the record highs. We now consider the overall fruit supply situation in Thailand to be at a normal level. At the same time the main competing supply markets of Indonesia and Philippines have shown significant increases in supply since 2016. However, worldwide demand for canned pineapple is not growing and therefore the worldwide level of inventory will increase. Sales prices are falling as a result. At the end of the low pineapple supply years in 2016 the price of pineapple juice concentrate reached record highs over \$3,000 per metric tonne and consequently together with the trend to reduce consumption of drinks with higher sugar content, so demand for pineapple juice concentrate has plummeted and prices have fallen dramatically over the year. This has created a difficult market situation where our focus on quality and customer service levels and our good reputation have afforded us a good operating result for the year. In June 2017 the government has issued a new law to improve the regulation of recruitment of migrant workers. Our industry is labour intensive and this may lead to some tightening of the labour market going forward. Nevertheless, we always follow ethical practices and we do not expect this law to have any impact on our company. Close cooperation between the board and management has been key in tracking, assessing and managing the risks in the business. Furthermore, attention to quality, service and customer relationship management has helped the company steer a good path through choppy waters this year.

For the operating result for the year ended September 30, 2017, the company had total income of 3,586.18 million baht and a net operating profit of 209.07 million baht. Profit from associated companies was 175.48 million baht and total net profit earned was 384.55 million baht. For comparison in the nine months ended September 30, 2016, the company had total income of 3,201.60 million baht, net operating profit of 119.62 million baht. Profit from associated companies was 71.41 million baht and total net profit earned was 191.03 million baht.

The associated company is Eastern Seaboard Industrial Estate (Rayong) Co., Ltd. The share of profits in the financial statements of 175.48 million baht, increased from the previous year of 104.07 or 145.75% due to additional revenue from the sale of real estate.

In the coming year 2018 we expect the pineapple supply to remain good and accordingly raw material prices will be lower. However, coupled with higher worldwide supply and higher inventory levels we expect to experience a very challenging market situation. We plan to manage our production and inventories carefully and focus on being a market driven company. The typical volatile pineapple supply cycle in Thailand is back and in full swing. In the long term we will only overcome this by diversification and innovation. Significant consolidation and structural change in the Thai pineapple industry is unlikely happen in the short term.

The company continues to support project activities that are useful for the society, i.e. natural and environmental conservation, improvement of life quality, health, education, sport, religion for the employees and community.

On behalf of the Board of Directors, I would like to thank all shareholders, customers, both local and international, farmers and growers of the company, financial institutions and all our employees and related parties who have supported our operation so well. The Board of Directors, Executives and all employees shall pay high attention to develop, to progress and to make our company prosperous.



( Mr. Thien Mekanontchai )  
Chairman of the Board