

# Chairman's Message

During the year 2018, world economic growth has gradually recovered, although there remain risk factors from the trade war between the United States of America and China, political tensions between the United States of America and Russia and American trade sanctions. Meanwhile, Chinese economic growth remains slow, as a result, the overall exports of the company expanded in line with demand from customers. For domestic factors, the baht strengthened, the rate is stronger than other countries in ASEAN, prices of competing countries are lower, reducing the competitiveness of the company, this has made us less competitive and impacted on revenues.

The pineapple business in 2018 has slowed down due to the situation of pineapple oversupply. As a result of the drought in 2015, fruit prices rose to record highs reaching baht 13 per kg in 2015-2016, therefore, farmers had expanded their planting area and in 2017 the rainfall was consistently good. As a result the pineapple harvest was higher, especially during May to June, where supply exceeded the rate that canneries could accept fruit. It caused over production and the pineapple price sold by farmers were sharply lower than their cost this year. The world market price had continued to decrease. More than 90% of pineapple production was processed and exported and some foreign buyers turned to import pineapples from Thailand's rival countries, such as the Philippines and Indonesia, which have increased their pineapple production since 2016. Indonesia had a higher yield than the previous year due to the weather conditions and the EU granted GSP which has lower import duties than Thailand by 3.5%, while the Philippines has GSP+ which made import taxes lower than Thailand by 18.5%. Therefore, the cost of both countries were much lower than Thailand. Meanwhile, Thai exporters faced the high cost of cans and wages. The baht strengthened over the previous year, and pricing was higher than the competitors, therefore the company had difficulty selling its full production. However, with the quality of products, reputation and good service, the company could somewhat mitigate the impact on its profits. In addition, the close cooperation between the board and management is an important part of monitoring, assessing and managing business risk, the focus on quality of service and customer relationship management will help the company through the hurdle this year.

For the operation in the year 2019, issues of trade war between the United States of America and China are increasingly serious. Exchange rate and overcapacity issue in 2018 will make the inventory volume still high, the selling price in the market has dropped further, which will affect the export revenue of the company's products in the next year. The company plans to produce and maintain its inventories to cope with the market demand carefully, set the guidelines for expanding its market to Eastern Europe, do product research and encourage innovation to create value added in the next phase.

For the operating result for the year ended September 30, 2018, the company had total income of baht 2,430.76 million and a net operating loss of baht 36.57 million. Profit from associated companies was baht 205.55 million and total net profit earned was baht 168.98 million. For comparison in the nine months ended September 30, 2017, the company had total income of baht 3,586.18 million, net operating profit of baht 209.07 million. Profit from associated companies was baht 175.48 million and total net profit earned was baht 384.55 million.

The associated company is Eastern Seaboard Industrial Estate (Rayong) Co., Ltd. The share of profits in the financial statements of baht 205.55 million, increased from the previous year by baht 30.07 million or equal to 17.14% due to decrease revenue from the sale of real estate.

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