

ACE_17_07_147

July 25, 2017

Subject Submission of the Opinion of the Independent Financial Advisor on the Tender Offer
is a part of the Opinion of the Company on Tender Offer (Form 250-2) of
President Bakery Public Company Limited (2nd Amendment)

To Secretary General of the Office of the Securities and Exchange Commission
President of the Stock Exchange of Thailand
Shareholders of President Bakery Public Company Limited

Enclosure : 1. The Opinion of the Independent Financial Advisor on the Tender Offer
is a part of the Opinion of the Company on Tender Offer (Form 250-2)
(2nd Amendment)

The Company here by submits the Opinion of the Independent Advisor on the Tender Offer is a
part of the Opinion of the Company on Tender Offer (Form 250-2) (2nd Amendment) as shown in the closures.

Please be informed accordingly

Sincerely Yours,

.....
(Mr. Apichart Thammanomai) (Ms. Petcharat Anantawichai)

Director



Grant Thornton

An instinct for growth™

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25 July 2017

Subject Additional information on the Opinion of the Independent Financial Advisor on the Tender Offer for the Securities of President Bakery Public Company Limited by Saha Pathana Inter-Holding Public Company Limited and Thai President Foods Public Company Limited

To Secretary-General of the Securities and Exchange Commission of Thailand
President of the Stock Exchange of Thailand
Shareholders of President Bakery Public Company Limited

Reference Opinion of the Independent Financial Advisor on the Tender Offer for the Securities of President Bakery Public Company Limited by Saha Pathana Inter-Holding Public Company Limited and Thai President Foods Public Company Limited dated 26 June 2017

Attachment Amendment to the Independent Financial Advisor's Opinion on the Tender Offer for the Securities of President Bakery Public Company Limited No. 2 - 1 Copy

Grant Thornton Services Limited, as the independent financial advisor, has prepared the Opinion of the Independent Financial Advisor on the Tender Offer for the Securities of President Bakery Public Company Limited by Saha Pathana Inter-Holding Public Company Limited and Thai President Foods Public Company Limited, as referred to above.

The independent financial advisor hereby submits the Amendment to the Independent Financial Advisor's Opinion on the Tender Offer for the Securities of President Bakery Public Company Limited No. 2 in the attachment. In case of any further inquiry or required information, please contact Mrs. Julaporn Namchaisiri, Managing Director – Corporate Finance at Tel. 0 2205 8103 or Ms. Monvalai Rachatakul, Director – Corporate Finance at Tel. 0 2205 8117.

For your kind consideration.

- Julaporn Namchaisiri -
Mrs. Julaporn Namchaisiri
Managing Director, Corporate Finance
Grant Thornton Services Ltd.

- Translation -

This English language translation of Amendment to the Independent Financial Advisor's Opinion on the Tender Offer of President Bakery Public Company Limited No.2 (Form 250-2) has been prepared solely for the convenience of the foreign shareholders of President Bakery Public Company Limited and should not be relied upon as the definitive and official document of the Company. The Thai language version is the definitive and official document of the Amendment to Independent Financial Advisor's Opinion and shall prevail in all respects in the event of any inconsistency with this English language translation.

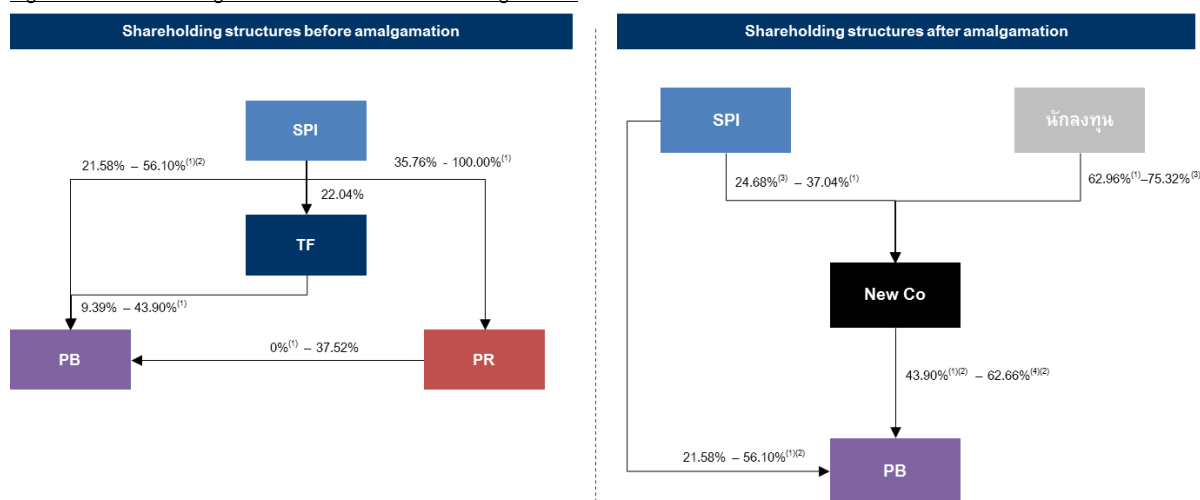
Amendment to the Independent Financial Advisor's Opinion on the Tender Offer for the Securities of President Bakery Public Company Limited No.2

Additional information in underlined and the deleted information in strikethrough

1. Additional information on page 4 No. 3 Section 3: 3.1 Transaction overview

Original

Figure 3-2: Shareholding structure before and after amalgamation

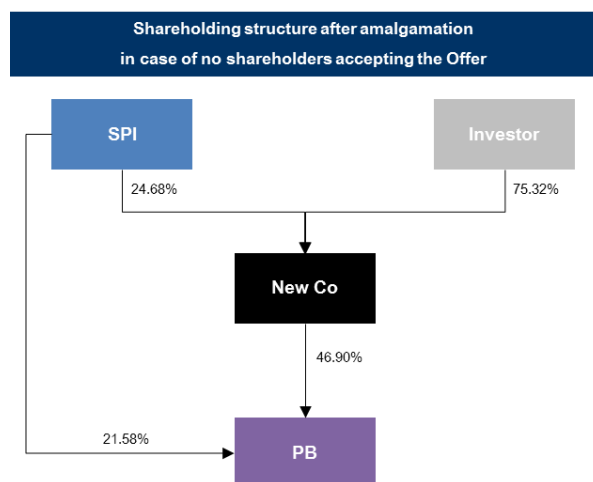
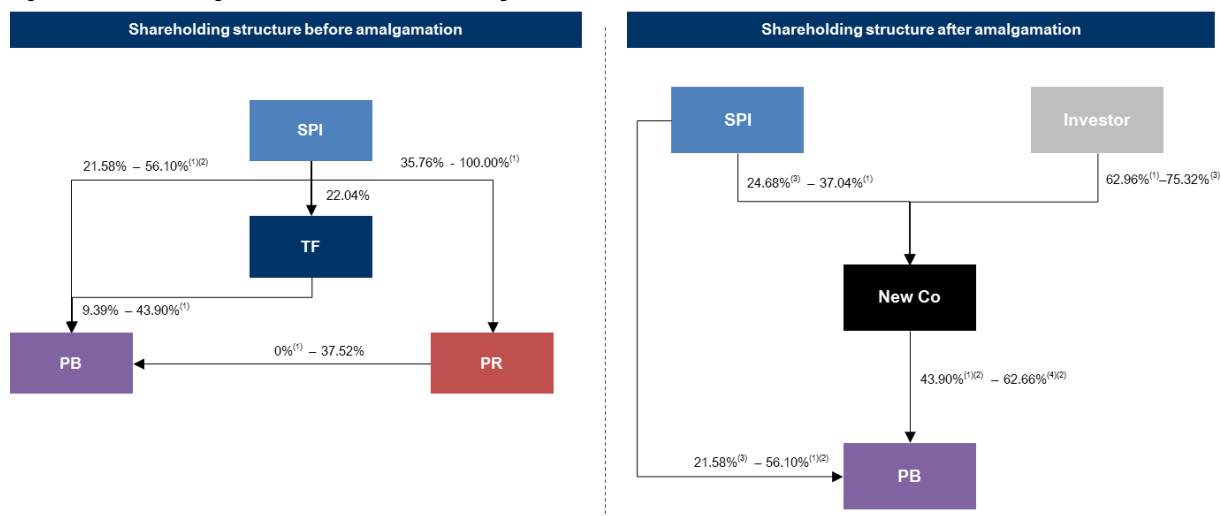


- Remarks: (1) In case of all shareholders, except the Tender Offeror(s), sell all of their shares in the Tender Offer
 (2) In case of TF acquires one-half of the number of the ordinary shares being tendered in the Tender Offer for all shares in PB
 (3) In case of none of shareholders accept the Tender Offer
 (4) In case all shareholders except PR accept the Tender Offer

Revision

- Translation -

Figure 3-2: Shareholding structure before and after amalgamation



Remarks: (1) In case of all shareholders, except the Tender Offeror(s), sell all of their shares in the Tender Offer
 (2) In case of TF acquires one-half of the number of the ordinary shares being tendered in the Tender Offer for all shares in PB
 (3) In case of none of shareholders accept the Tender Offer
 (4) In case all shareholders except PR accept the Tender Offer

2. Additional information on page 37 No. 18 Section 5: 5.2.5 Sum-of-the-Parts Approach) Valuation for PR excluding other companies

Original

1) Revenue assumptions of PB

PB's main business is to produce and distribute bread and bakery under the trademark of the companies with traditional trade and modern trade, divided into 4 business lines: retail bakery business, wholesale bakery business, fast food and restaurant business and export business.

- Translation -

Table 5-10: Revenue assumptions of PB

| | Assumptions |
|----------------------------------|---|
| <u>1. Wholesale</u> | |
| Sliced bread | Sales growth of slice bread during 2012-2016 ranges between 4.4% -13.9%. Therefore, the IFA has considered sales growth of sliced bread to grow by 5.50% per year during 2017-2021, which is in line with the value growth of the bread industry during 2016-2021 (Source: Euromonitor). |
| Burger and hotdog buns | Sales growth of burger and hotdog buns are assumed to be constant during the forecast period, due to high fluctuations in their growth rate during the past 5 years. Furthermore, the proportion of burger bun sale is considered relatively small compared to other products, accounting for only 0.7% of sales. |
| Snack bread | Sales growth of snack bread during 2012-2016 ranges between (3.3)% -10.8%. Therefore, the IFA views that the snack bread has grown in popularity and therefore assumes its sales growth to be 7.1% per year during 2017-2021, which is in line with the industry value growth for packaged pastries during 2016-2021 (Source: Euromonitor). |
| Snack cake | Sales growth of snack cake during 2012-2016 ranges between (4.6)% - 60.2%. Therefore, the IFA has considered sales growth of 5.6% per year for snack cake during 2017-2021, which is in line with the value growth for the cake industry during 2016-2021. (Source: Euromonitor). |
| Confectionery | Sales growth of confectionery during 2012-2016 ranges between (6.6)% - 30.4%. Therefore, the IFA has considered sales growth of 3.7% for other confectionary products during 2017-2021, which is in line with the value growth of the confectionary industry in 2016-2021 (Source: Euromonitor). |
| <u>2. Retail</u> | Retail stores of PB comprise Deliya, Madame Marco, and Good Morning Farmhouse, whose growths have been assumed at 0% during the forecast period due to contracted sales. PB will also give less emphasis in the retail segment going forward. |
| <u>3. Fast Food and Catering</u> | The outlet growth of 5% per year has been considered, while the growth of sales per outlet is assumed to be 2% per year based on inflation. |
| <u>4. Export</u> | Growth for export sales is assumed to be constant due to high fluctuation in the historical growth of export sales during the past 4 years. Moreover, the proportion of export sales is considered relatively small compared to other products. |
| <u>Other income</u> | |
| Interest income | Average proportion of interest income to cash and cash equivalents, bank deposits and long-term investments during the past 5 years at 2.3%. |
| Other income | Average proportion of other income to sales during the past 5 years of 0.3% of sales. |

Remarks: Historical sales of the Company were in the period which the industrial factory in Bangchan 2 was still under construction. After its completion in the early 2017, the Company has sufficient production capacity to support forecast growth.

Revision

1) Revenue assumptions of PB

PB's main business is to produce and distribute bread and bakery under the trademark of the companies with traditional trade and modern trade, divided into 4 business lines: retail bakery business, wholesale bakery business, fast food and restaurant business and export business.

- Translation -

Table 5-10: Revenue assumptions of PB

| | Assumptions |
|----------------------------------|--|
| <u>1. Wholesale</u> | |
| Sliced bread | Sales growth of slice bread during 2012-2016 ranges between 4.4% -13.9%. <u>However, in the past 3 years, the growth rate was 13.9% 8.2% and 6.4%, respectively.</u> Therefore, the IFA has considered sales growth of sliced bread to grow by 5.50% per year during 2017-2021, which is in line with the value growth of the bread industry during 2016-2021 (Source: Euromonitor). |
| Burger and hotdog buns | Sales growth of burger and hotdog buns are assumed to be constant during the forecast period, due to high fluctuations in their growth rate during the past 5 years. Furthermore, the proportion of burger bun sale is considered relatively small compared to other products, accounting for only 0.7% of sales. |
| Snack bread | Sales growth of snack bread during 2012-2016 ranges between (3.3)% -10.8%. Therefore, the IFA views that the snack bread has grown in popularity and therefore assumes its sales growth of to be 7.1% per year during 2017-2021, which is in line with the industry value growth for packaged pastries during 2016-2021 (Source: Euromonitor). |
| Snack cake | Sales growth of snack cake during 2012-2016 ranges between (4.6)% - 60.2%. Therefore, the IFA has considered sales growth of 5.6% per year for snack cake during 2017-2021, which is in line with the value growth for the cake industry during 2016-2021. (Source: Euromonitor). |
| Confectionery | Sales growth of confectionery during 2012-2016 ranges between (6.6)% - 30.4%. Therefore, the IFA has considered sales growth of 3.7% for other confectionary products during 2017-2021, which is in line with the value growth of the confectionary industry in 2016-2021 (Source: Euromonitor). |
| <u>2. Retail</u> | Retail stores of PB comprise Deliya, Madame Marco, and Good Morning Farmhouse, whose growths have been assumed at 0% during the forecast period due to contracted sales. PB will also give less emphasis in the retail segment going forward. |
| <u>3. Fast Food and Catering</u> | The outlet growth of 5% per year has been considered, while the growth of sales per outlet is assumed to be 2% per year based on inflation. |
| <u>4. Export</u> | Growth for export sales is assumed to be constant due to high fluctuation in the historical growth of export sales during the past 4 years. Moreover, the proportion of export sales is considered relatively small compared to other products. |
| <u>Other income</u> | |
| Interest income | Average proportion of interest income to cash and cash equivalents, bank deposits and long-term investments during the past 5 years at 2.3%. |
| Other income | Average proportion of other income to sales during the past 5 years of 0.3% of sales. |

Remarks: Historical sales of the Company were in the period which the industrial factory in Bangchan 2 was still under construction. After its completion in the early 2017, the Company has sufficient production capacity to support forecast growth.

3. Additional information on page 41 No. 21 Section 5: 5.2.5 Sum-of-the-Parts Approach

Original

Discount Rate of PB

The IFA has calculated the discount rate used in calculating the present value of cash flows of PB by using the weighted average cost of Capital: WACC as follows:

- Translation -

$$WACC = (D/(D+E) \times K_D \times (1 - T)) + (E/(D+E) \times K_E)$$

Where:

| | |
|----------------|--|
| D | Value of interest-bearing debt |
| E | Value of shareholders' equity |
| T | Corporate income tax rate |
| K _D | Cost of debt |
| K _E | Cost of equity calculated using Capital Asset Pricing Model ("CAPM") |

K_E is calculated under CAPM as follows:

$$K_E = R_F + \beta \times (R_M - R_F)$$

Where:

| | |
|----------------|---|
| R _F | Risk free rate based on 10-years government bond yield of 2.63%. |
| Beta | Beta (β) is the average volatility between SET Market return and PB stock return (Calculated from 2-year historical closing price) at 0.53 (Source: Bloomberg) Beta (β) is the average volatility between SET Market return and the comparable companies (Calculated from 2-year from May 2017 with a range of unlevered beta from 0.11 to 0.81 as presented in the table 5-6: comparable companies of PB) at 0.53 (Source: Bloomberg) |
| R _M | Market return calculated from return from investing in SET during the past 10 years at 12.02% (Source: Bloomberg) |

Remark: Except for Seoul Food Industrial Co., Ltd., listed in Korea Stock Exchange, that is calculated based on 3-year historical prices as the price during the last month is highly volatile

Revision

Discount Rate of PB

The IFA has calculated the discount rate used in calculating the present value of cash flows of PB by using the weighted average cost of Capital: WACC as follows:

$$WACC = (D/(D+E) \times K_D \times (1 - T)) + (E/(D+E) \times K_E)$$

Where:

| | |
|----------------|--|
| D | Value of interest-bearing debt |
| E | Value of shareholders' equity |
| T | Corporate income tax rate |
| K _D | Cost of debt |
| K _E | Cost of equity calculated using Capital Asset Pricing Model ("CAPM") |

K_E is calculated under CAPM as follows:

$$K_E = R_F + \beta \times (R_M - R_F)$$

Where:

| | |
|----------------|---|
| R _F | Risk free rate based on 10-years government bond yield of 2.63%. |
| Beta | Beta (β) is the average volatility between SET Market return and PB stock return (Calculated from 2-year historical closing price) at 0.53 (Source: Bloomberg) Beta (β) is the average volatility between SET Market return and the comparable companies per table 5-6 Information on comparable companies of PB (Calculated from 2-year from May 2017 with a range of unlevered beta from 0.11 to 0.81) at 0.53 (Source: Bloomberg). <u>(In this regard, the IFA has considered that the use of 2-year, weekly data is appropriate since such</u> |

- Translation -

| | |
|----------------|--|
| | <u>duration represents suitable amount and frequency of data points for statistical calculation and can reflect a current level of business risk, for example, competition and consumer behaviors, of the chosen listed companies)</u> |
| R _M | Market return calculated from return from investing in SET during the past 10 years at 12.02% (Source: Bloomberg) |

Remark: Except for Seoul Food Industrial Co., Ltd., listed in Korea Stock Exchange, that is calculated based on 3-year historical prices as the price during the last month is highly volatile

4. Additional information on page 49 No. 24 Section 5 No. 5.2.5 Sum-of-the-Parts Approach

Original

Based on the sensitivity analysis of terminal growth rate and discount rate, in which the base case for terminal growth rate is 1.00% and WACC is 7.60% will result in the shareholders' equity of PB of between THB 47.23 – 82.30 per share

Revision

Based on the sensitivity analysis of terminal growth rate and discount rate, in which the base case for terminal growth rate is 1.00% and WACC is 7.60% will result in the shareholders' equity of PB of between THB 47.23 – 82.30 per share, while the tender offer price for PB is THB 58.58 per share. Hence, the calculated fair price differs from the tender price by (19.38)% - 40.49%

Yours faithfully,

- Monvalai Rachatakul -

Monvalai Rachatakul

Supervisor

Grant Thornton Services Ltd.

- Julaporn Namchaisiri -

Julaporn Namchaisiri

Managing Director, Corporate Finance

Grant Thornton Services Ltd.