



Tipco 009/2019

**Management Discussion and Analysis Tipco Foods Public Company Limited****For the Three-month ended March 31, 2019****1. Consolidated statement of comprehensive income ended March 31, 2019**

Unit : Thousand Baht

Statement of comprehensive income	Consolidated financial statements		Changes	
	Q1/2019	Q1/2018	Increase (Decrease)	%
Sales and service income	938,857	978,345	(39,488)	(4%)
Other income	23,737	24,373	(636)	(3%)
<b>Total revenues</b>	<b>962,594</b>	<b>1,002,718</b>	<b>(40,124)</b>	<b>(4%)</b>
Total expenses	1,016,161	1,003,658	12,503	1%
<b>Profit (loss) before share of profit from investment in associate, finance cost and income tax</b>	<b>(53,567)</b>	<b>(940)</b>	<b>(52,627)</b>	<b>(5,799%)</b>
Share of profit from investment in associate	168,563	71,904	96,659	134%
<b>Profit (loss) before finance cost and income tax</b>	<b>114,996</b>	<b>70,964</b>	<b>44,032</b>	<b>62%</b>
Finance cost	(16,423)	(11,472)	4,951	43%
<b>Profit (loss) before income tax</b>	<b>98,573</b>	<b>59,492</b>	<b>39,081</b>	<b>66%</b>
Income tax	(1,402)	(9,728)	(8,326)	(86%)
<b>Profit (loss) for the period</b>	<b>97,171</b>	<b>49,764</b>	<b>47,407</b>	<b>95%</b>
<b>Profit (loss) for the period Equity holders of the Company</b>	<b>97,171</b>	<b>49,764</b>	<b>47,407</b>	<b>95%</b>

**1.1 Sales and service income**

Unit : million Baht

Consolidated financial statements	Product of vegetable and fruit		Changes		Beverage		Changes		Other		Changes		Consolidated financial statements		Changes	
	Q1/2019	Q1/2018	Increase (Decrease)	%	Q1/2019	Q1/2018	Increase (Decrease)	%	Q1/2019	Q1/2018	Increase (Decrease)	%	Q1/2019	Q1/2018	Increase (Decrease)	%
	Sales and service income	391	359	32	9%	536	589	(53)	(9%)	12	30	(18)	(60%)	939	978	(39)

In the 1<sup>st</sup> quarter of 2019, the Company and its subsidiaries reported Sales and services income of Baht 939 million, decreased by 4% compared to the same period of last year, partly due to a change in the preparation of financial statement in accordance with the new Thai accounting standard and the decline of overall fruit juice market. However, the company still occupied No.1 market share in a total fruit juice market and premium fruit juice market. The Product of vegetable and fruit increase by 9% from increased export volume.

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1.2 Operating Expense

Unit : Thousand Baht

Operating Expenses	Consolidated financial statements		Change	
	Q1/2019	Q1/2018	Increase (Decrease)	%
Cost of sales and services	814,706	761,301	53,405	7%
Selling expenses	110,610	160,171	(49,561)	(31%)
Administrative expenses	90,845	109,280	(18,435)	(17%)
Other expenses	-	(27,094)	27,094	(100%)
<b>Total expenses</b>	<b>1,016,161</b>	<b>1,003,658</b>	<b>12,503</b>	<b>1%</b>

In the 1<sup>st</sup> quarter of 2019, the Company and its subsidiaries reported total Operating Expense of Baht 1,016 million increased by 1% compared to the same period of last year, which can be explained as follows

- Cost of sales and service increased by 7%, from net realizable value of inventory account during the period and changes in the preparation of financial statements in accordance with the new Thai accounting standards.
- Selling expenses decreased by 31% from changes in the preparation of financial statements in accordance with the new Thai accounting standards and controlling sales and promotion expenses in accordance with market conditions.
- A decrease in Administrative Expenses by 17% from controlling expenses in accordance with a decrease in Sales and services income.

1.3 Share of profit from investment in associate

In the 1<sup>st</sup> quarter of 2019, the Company reported Share of profit from investment in associate of Baht 169 million increased by 134% compare to the same period of last year.

1.4 Finance cost

In the 1<sup>st</sup> quarter of 2019, the Company and its subsidiaries reported Finance cost of Baht 16 million increased from the previous year by 43% mainly due to an increase in long-term loan for investment of natural mineral water capacity expansion.

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## 2. Consolidated statement of financial position as at 31 March 2019

Unit : Thousand Baht

Statement of financial position	Consolidated financial statements		Changes	
	31 Mar 19	31 Dec 18	Increase (Decrease)	%
<b>Assets</b>				
Current assets	1,645,276	1,747,914	(102,638)	(6%)
Non-current assets	5,294,440	5,328,660	(34,220)	(1%)
<b>Total assets</b>	<b>6,939,716</b>	<b>7,076,574</b>	<b>(136,858)</b>	<b>(2%)</b>
<b>Liabilities and shareholders' equity</b>				
<b>Liabilities</b>				
Current liabilities	1,626,627	1,962,327	(335,700)	(17%)
Non-current liabilities	1,192,827	940,843	251,984	27%
<b>Total liabilities</b>	<b>2,819,454</b>	<b>2,903,170</b>	<b>(83,716)</b>	<b>(3%)</b>
<b>Shareholders' equity</b>				
<b>Total shareholders' equity</b>	<b>4,120,262</b>	<b>4,173,404</b>	<b>(53,142)</b>	<b>(1%)</b>
<b>Total liabilities and shareholders' equity</b>	<b>6,939,716</b>	<b>7,076,574</b>	<b>(136,858)</b>	<b>(2%)</b>

## 2.1 Asset

As of March 31, 2019, the Company and its subsidiaries had total assets of Baht 6,940 million, a decrease of 2% from the end of 2018. Current assets decreased by Baht 103 million or 6% mainly due to the decrease in cash and accounts receivable. While non-current assets decreased by Baht 34 million or 1%.

## 2.2 Liabilities

As of March 31, 2019, the Company and its subsidiaries had total liabilities of Baht 2,819 million, a decrease of 3% from the end of 2018, with the main changes from current liabilities decreased by Baht 336 million or 17% due to the decrease in short-term loans. Non-current liabilities increased by Baht 252 million or 27% for additional investment in natural mineral water capacity expansion.

## 2.3 Shareholders' equity

As of March 31, 2019, Total Shareholders' Equity of the Company and its subsidiaries was Baht 4,120 million decreased by 1% from the end of 2018, mainly due to a decrease in other components of shareholders' equity.

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## 3. Consolidated cash flow statement for the 3-month period ended March 31, 2019

Unit : Thousand Baht

Cash flow statement	Consolidated financial statements	
	Q1/2019	
<b>Cash flows from operating activities</b>		
Net cash flows from operating activities	24,690	
<b>Cash flows from investing activities</b>		
Net cash flows used in investing activities	(25,453)	
<b>Cash flows from financing activities</b>		
Net cash flows used in financing activities	(9,226)	
<b>Net decrease in cash and cash equivalents</b>	<b>(9,989)</b>	
Cash and cash equivalents at beginning of period	105,836	
<b>Cash and cash equivalents at end of period</b>	<b>95,847</b>	

As of March 31, 2019, the Company and subsidiaries had a decrease in net cash and cash equivalents Baht 10 million, with the company and its subsidiaries had net cash flow from operating activities of Baht 25 million. Net cash used in investing activities was Baht 25 million, mainly from cash paid for the purchase of equipment and net cash flow used in financing activities of Baht 9 million from Short-term loan and long-term loans.

## 4. Financial Ratio from consolidated financial statement for the ended March 31, 2019

Profitability ratios	Consolidated financial statements		Changes
	Q1/2019	Q1/2018	
Gross Profit Margin	13.2%	22.2%	(9%)
EBITDA Margin	33.3%	26.1%	7%
Net Profit Margin	10%	5.0%	5%
Return on shareholders' equity	2%	1.2%	1%
<b>The Capacity to pay and liquidity ratios</b>	<b>31 Mar 19</b>	<b>31 Dec 18</b>	<b>Changes</b>
Debt to equity ratio (Times)	0.68	0.70	(1%)
Liquidity ratio (Times)	1.01	0.89	12%

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