



Tipco 009/2020

Management Discussion and Analysis Tipco Foods Public Company Limited**For the Three-month and Nine-month Period ended March 31, 2020****1. Consolidated statement of comprehensive income ended March 31, 2020**

Unit : Thousand Baht

Statement of comprehensive income	Consolidated financial statements		Changes	
	Q1/2020	Q1/2019	Increase (Decrease)	%
Sales	765,117	938,857	(173,740)	(19%)
Other income	29,074	23,737	5,337	22%
Total revenues	794,191	962,594	(168,403)	(17%)
Total expenses	887,979	1,016,161	(128,182)	(13%)
Loss before share of profit (loss) from investment in associate, finance cost and income tax expenses	(93,788)	(53,567)	(40,221)	(275%)
Share of profit (loss) from investment in associate	(188,497)	168,563	(357,060)	(212%)
Profit (loss) before finance cost and income tax expenses	(282,285)	114,996	(397,281)	(345%)
Finance cost	(15,407)	(16,423)	(1,016)	(6%)
Profit (loss) before income tax expenses	(297,692)	98,573	(396,265)	(402%)
Income tax benefit (expenses)	3,222	(1,402)	(4,624)	(330%)
Profit (loss) for the period	(294,470)	97,171	(391,641)	(403%)

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	
	Q1/2020	Q1/2019	Increase (Decrease)	%	Q1/2020	Q1/2019	Increase (Decrease)	%	Q1/2020	Q1/2019	Increase (Decrease)	%	Q1/2020	Q1/2019	Increase (Decrease)	%
	Sales	261	391	(130)	(33%)	500	536	(36)	(7%)	4	12	(8)	(67%)	765	939	(174)

In the 1st quarter of 2020, the Company and its subsidiaries reported Sales of Baht 765 million, decreased by 19% compared to the same period of last year, mainly from the external factors. The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown, and impacting directly to our business in overall. Beverage business decreased by 7%, due to the decline of overall fruit juice market; however, our beverage business still occupied No.1 market share in a total fruit juice market and premium fruit juice market. Therefore, if compare to the same period of last year,

Head Office : 118/1 TIPCO Tower, Rama 6 Road, Phaya Thai Sub-district, Phaya Thai District, Bangkok. 10400 Thailand, Tel : (662) 273 6200

Factory : 205/1 Moo 2, Tambon Pongyang, Maerim District, Chiangmai Province 50180 Thailand.

Factory : 999 Moo 7 Phu Kham, Wichian Buri, Phetchaboon 67180 Thailand.

สำนักงานใหญ่ : เลขที่ 118/1 อาคารทิปโก้ ถนนพระราม 6 แขวงพญาไท เขตพญาไท กรุงเทพมหานคร 10400 ประเทศไทย, โทร (02) 273 6200

โรงงานเชียงใหม่ : เลขที่ 205/1 หมู่ 2 ตำบลโป่งแยง อำเภอแมริม จังหวัดเชียงใหม่ 50180 ประเทศไทย

โรงงานเพชรบูรณ์ : เลขที่ 999 หมู่ที่ 7 ตำบลพุดาม อำเภอวิเชียรบุรี จังหวัดเพชรบูรณ์ 67180 ประเทศไทย



product of vegetable and fruit decreased by 33%, mainly impacted from lower in sales volume due to the shortage of raw materials and the Baht appreciation.

1.2 Operating Expense

Unit : Thousand Baht

Operating Expenses	Consolidated financial statements		Change	
	Q1/2020	Q1/2019	Increase (Decrease)	%
Cost of sales	627,029	823,026	(195,997)	(24%)
Selling and distribution expenses	90,994	102,290	(11,296)	(11%)
Administrative expenses	136,551	90,845	45,706	50%
Other expenses	33,405	-	33,405	100%
Total expenses	887,979	1,016,161	(128,182)	(13%)

In the 1st quarter of 2020, the Company and its subsidiaries reported total operating expense of Baht 888 million decreased by 13% compared to the same period of last year, which can be explained as follows

- Cost of sales and service decreased by 24%, in line with decreasing in sales volume due to the shortage of raw materials.
- Selling expenses decreased by 11% from adjusting sales and promotion expenses in accordance with market conditions.
- An increasing in administrative expenses by 50% mainly impacted from adjusting the calculation of depreciation for assets and additional expenses on production in the product of vegetable and fruit due to the shortage of raw materials.
- Other expenses were reversal of allowance for Loss on changes in fair value of biological assets amount Baht 2 million and Loss on exchange of Baht 31 million due to the Baht appreciation in the 1st quarter.

1.3 Share of profit from investment in associate

In the 1st quarter of 2020, the Company reported share of loss from investment in associate of Baht 188 million.

1.4 Finance cost

In the 1st quarter of 2020, the Company and its subsidiaries reported Finance cost of Baht 15 million decreased from the previous year by 6% mainly due to a decrease in long-term loan.

Head Office : 118/1 TIPCO Tower, Rama 6 Road, Phaya Thai Sub-district, Phaya Thai District, Bangkok. 10400 Thailand, Tel : (662) 273 6200

Factory : 205/1 Moo 2, Tambon Pongyang, Maerim District, Chiangmai Province 50180 Thailand.

Factory : 999 Moo 7 Phu Kham, Wichian Buri, Phetchaboon 67180 Thailand.

สำนักงานใหญ่ : เลขที่ 118/1 อาคารทิปโก้ ถนนพระราม 6 แขวงพญาไท เขตพญาไท กรุงเทพมหานคร 10400 ประเทศไทย, โทร (02) 273 6200

โรงงานเชียงใหม่ : เลขที่ 205/1 หมู่ 2 ตำบลโป่งแยง อำเภอแมริม จังหวัดเชียงใหม่ 50180 ประเทศไทย

โรงงานเพชรบูรณ์ : เลขที่ 999 หมู่ที่ 7 ตำบลพุดชาชม อำเภอวิเชียรบุรี จังหวัดเพชรบูรณ์ 67180 ประเทศไทย



2. Consolidated statement of financial position as at 31 March 2020

Unit : Thousand Baht

Statement of financial position	Consolidated financial statements		Changes	
	31 Mar 20	31 Dec 19	Increase (Decrease)	%
Assets				
Current assets	1,252,208	1,256,513	(4,305)	(0%)
Non-current assets	5,354,071	5,412,490	(58,419)	(1%)
Total assets	6,606,279	6,669,003	(62,724)	(1%)
Liabilities and shareholders' equity				
Liabilities				
Current liabilities	1,987,353	1,844,008	143,345	8%
Non-current liabilities	867,892	918,201	(50,309)	(5%)
Total liabilities	2,855,245	2,762,209	93,036	3%
Shareholders' equity				
Total shareholders' equity	3,751,034	3,906,794	(155,760)	(4%)
Total liabilities and shareholders' equity	6,606,279	6,669,003	(62,724)	(1%)

2.1 Asset

As of March 31, 2020, the Company and its subsidiaries had total assets of Baht 6,606 million, a decrease of 1% from the end of 2019. Current assets decreased by Baht 4 million mainly due to the decrease in accounts receivable. While non-current assets decreased by Baht 58 million or 1% due to the decrease in Investment in associate.

2.2 Liabilities

As of March 31, 2020, the Company and its subsidiaries had total liabilities of Baht 2,855 million, an increase of 3% from the end of 2019, with the main changes from current liabilities increased by Baht 143 million or 8% due to the increase in short-term loans and trade and other payables. Non-current liabilities decreased by Baht 50 million or 5% due to a decrease in long-term loan.

2.3 Shareholders' equity

As of March 31, 2020, Total Shareholders' Equity of the Company and its subsidiaries was Baht 3,751 million decreased by 4% from the end of 2019, mainly due to a decrease in unappropriated retained earnings.

Head Office : 118/1 TIPCO Tower, Rama 6 Road, Phaya Thai Sub-district, Phaya Thai District, Bangkok. 10400 Thailand, Tel : (662) 273 6200

Factory : 205/1 Moo 2, Tambon Pongyang, Maerim District, Chiangmai Province 50180 Thailand.

Factory : 999 Moo 7 Phu Kham, Wichian Buri, Phetchaboon 67180 Thailand.

สำนักงานใหญ่ : เลขที่ 118/1 อาคารทิปกู้ ถนนพระราม 6 แขวงพญาไท เขตพญาไท กรุงเทพมหานคร 10400 ประเทศไทย, โทร (02) 273 6200

โรงงานเชียงใหม่ : เลขที่ 205/1 หมู่ 2 ตำบลโป่งแยง อำเภอแมริม จังหวัดเชียงใหม่ 50180 ประเทศไทย

โรงงานเพชรบูรณ์ : เลขที่ 999 หมู่ที่ 7 ตำบลพุดชาชม อำเภอวิเชียรบุรี จังหวัดเพชรบูรณ์ 67180 ประเทศไทย

**3. Consolidated cash flow statement for the 12-month period ended March 31, 2020**

Unit : Thousand Baht

Cash flow statement	Consolidated financial statements Q1/2020
Cash flows from operating activities	
Net cash flows from operating activities	52,732
Cash flows from investing activities	
Net cash flows used in investing activities	(29,196)
Cash flows from financing activities	
Net cash flows used in financing activities	(16,858)
Net increase in cash and cash equivalents	6,678
Cash and cash equivalents at beginning of period	41,336
Cash and cash equivalents at end of period	48,014

As of March 31, 2020, the Company and subsidiaries had an increase in net cash and cash equivalents Baht 7 million, with the company and its subsidiaries had net cash flow from operating activities of Baht 53 million. Net cash flow used in investing activities was Baht 29 million, mainly from cash paid for acquisition of property, plant and equipment. Net cash flow used in financing activities of Baht 17 million from repayment of long-term loans from financial institutions.

4. Financial Ratio from consolidated financial statement for the ended March 31, 2020

Profitability ratios	Consolidated financial statements		Changes
	Q1/2020	Q1/2019	
Gross Profit Margin	18.0%	12.3%	6%
EBITDA Margin	(23.9%)	18.5%	(42%)
Net Profit Margin	(37.1%)	10.1%	(47%)
Return on shareholders' equity	(7.9%)	2.5%	(10%)
The Capacity to pay and liquidity ratios	31 Mar 20	31 Dec 19	Changes
Debt to equity ratio (Times)	0.76	0.71	5%
Liquidity ratio (Times)	0.63	0.68	(5%)

Head Office : 118/1 TIPCO Tower, Rama 6 Road, Phaya Thai Sub-district, Phaya Thai District, Bangkok. 10400 Thailand, Tel : (662) 273 6200

Factory : 205/1 Moo 2, Tambon Pongyang, Maerim District, Chiangmai Province 50180 Thailand.

Factory : 999 Moo 7 Phu Kham, Wichian Buri, Phetchaboon 67180 Thailand.

สำนักงานใหญ่ : เลขที่ 118/1 อาคารทิปกู้ ถนนพระราม 6 แขวงพญาไท เขตพญาไท กรุงเทพมหานคร 10400 ประเทศไทย, โทร (02) 273 6200

โรงงานเชียงใหม่ : เลขที่ 205/1 หมู่ 2 ตำบลโป่งแยง อำเภอแมริม จังหวัดเชียงใหม่ 50180 ประเทศไทย

โรงงานเพชรบูรณ์ : เลขที่ 999 หมู่ที่ 7 ตำบลพุดาม อำเภอวิเชียรบุรี จังหวัดเพชรบูรณ์ 67180 ประเทศไทย