



Tipco 015/2020

Management Discussion and Analysis Tipco Foods Public Company Limited**For the Three-month and nine-month Period ended September 30, 2020****1. Consolidated statement of comprehensive income ended September 30, 2020**

Unit : Thousand Baht

| Statement of comprehensive income | Consolidated financial statements | | Changes | | Consolidated financial statements | | Changes | |
|--|-----------------------------------|-----------------|------------------------|--------------|-----------------------------------|--------------------|------------------------|--------------|
| | Q3 2020 | Q3 2019 | Increase (Decrease) | % | For the nine-month | For the nine-month | Increase (Decrease) | % |
| | | | | | 2020 | 2019 | | |
| Sales | 558,782 | 857,789 | (299,007) | (35%) | 1,953,433 | 2,776,608 | (823,175) | (30%) |
| Other income | 17,541 | 28,666 | (11,125) | (39%) | 60,554 | 107,646 | (47,092) | (44%) |
| Total revenues | 576,323 | 886,455 | (310,132) | (35%) | 2,013,987 | 2,884,254 | (870,267) | (30%) |
| Total expenses | 645,271 | 979,552 | (334,281) | (34%) | 2,258,091 | 3,187,695 | (929,604) | (29%) |
| Loss before share of profit (loss) from investment in associate, finance cost and income tax expenses | (68,948) | (93,097) | 24,149 | 26% | (244,104) | (303,441) | 59,337 | 20% |
| Share of profit (loss) from investment in associate | 436,444 | 166,872 | 269,572 | 162% | 650,339 | 582,530 | 67,809 | 12% |
| Profit (loss) before finance cost and income tax expenses | 367,496 | 73,775 | 293,721 | 398% | 406,235 | 279,089 | 127,146 | 46% |
| Finance cost | (11,484) | (18,086) | (6,602) | (37%) | (39,940) | (53,187) | (13,247) | (25%) |
| Profit (loss) before income tax expenses | 356,012 | 55,689 | 300,323 | 539% | 366,295 | 225,902 | 140,393 | 62% |
| Income tax benefit (expenses) | (20,406) | 3,675 | 24,081 | 655% | (7,406) | 4,067 | 11,473 | 282% |
| Profit (loss) for the period | 335,606 | 59,364 | 276,242 | 465% | 358,889 | 229,969 | 128,920 | 56% |

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 | |
|-----------------------------------|--------------------------------|---------|------------------------|-------|----------|---------|------------------------|------|---------|---------|------------------------|-------|-----------------------------------|---------|------------------------|-------|
| | Q3 2020 | Q3 2019 | Increase (Decrease) | % | Q3 2020 | Q3 2019 | Increase (Decrease) | % | Q3 2020 | Q3 2019 | Increase (Decrease) | % | Q3 2020 | Q3 2019 | Increase (Decrease) | % |
| | | | | | | | | | | | | | | | | |
| Sales | 115 | 366 | (251) | (69%) | 440 | 484 | (44) | (9%) | 4 | 8 | (4) | (50%) | 559 | 858 | (299) | (35%) |

In the 3rd quarter of 2020, the Company and its subsidiaries reported Sales of Baht 559 million, decreased by 35% compared to the same period of last year. This was mainly due to Product of vegetable and fruit business, which saw a 69% drop in sales from the lower export volume from the lack of raw materials due to drought conditions and the demand for goods abroad decelerated from the coronavirus situation 2019 (COVID-19). Beverage business saw a 9% drop in sales revenue, related to a slowdown in domestic purchasing power affected by COVID-19.

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| Consolidated financial statements | Product of vegetable and fruit | | Changes | | Beverage | | Changes | | Other | | Changes | | Consolidated financial statements | | Changes | |
|--------------------------------------|--------------------------------|--------------------|------------|-------|--------------------|--------------------|------------|------|--------------------|--------------------|------------|-------|-----------------------------------|--------------------|------------|-------|
| | For the nine-month | For the nine-month | Increase | % | For the nine-month | For the nine-month | Increase | % | For the nine-month | For the nine-month | Increase | % | For the nine-month | For the nine-month | Increase | % |
| | 2020 | 2019 | (Decrease) | | 2020 | 2019 | (Decrease) | | 2020 | 2019 | (Decrease) | | 2020 | 2019 | (Decrease) | |
| Sales | 511 | 1,186 | (675) | (57%) | 1,428 | 1,561 | (133) | (9%) | 14 | 30 | (16) | (53%) | 1,953 | 2,777 | (824) | (30%) |

For the nine-month period, the Company and its subsidiaries reported Sale and service income of Baht 1,953 million, decreased by 30% from the same period last year, this was mainly due to the drop in sales of fruit and vegetable products business due to the lack of raw materials and beverage business from the situation of COVID-19.

1.2 Operating Expense

Unit : Thousand Baht

| Expenses | Consolidated financial statements | | Changes | | Consolidated financial statements | | Changes | |
|-------------------------------|-----------------------------------|----------------|------------------|--------------|-----------------------------------|--------------------|------------------|--------------|
| | Q3 2020 | Q3 2019 | Increase | % | For the nine-month | For the nine-month | Increase | % |
| | | | (Decrease) | | 2020 | 2019 | (Decrease) | |
| Cost of sales | 453,070 | 749,818 | (296,748) | (40%) | 1,628,520 | 2,502,492 | (873,972) | (35%) |
| Selling distribution expenses | 73,110 | 115,677 | (42,567) | (37%) | 233,260 | 342,886 | (109,626) | (32%) |
| Administrative expenses | 119,091 | 114,057 | 5,034 | 4% | 365,047 | 342,317 | 22,730 | 7% |
| Other expenses | - | - | - | 0% | 31,264 | - | 31,264 | 100% |
| Total expenses | 645,271 | 979,552 | (334,281) | (34%) | 2,258,091 | 3,187,695 | (929,604) | (29%) |

In the 3rd quarter of 2020, the Company and its subsidiaries reported total operating expense of Baht 645 million decreased by 34% compared to the same period of last year, which can be explained as follows

- Cost of sales decreased by 40%, in line with decreasing in sales volume due to the shortage of raw materials.
- Selling and distribution expenses decreased by 37% from adjusting sales and promotion expenses in accordance with market conditions.
- An increasing in administrative expenses by 4%

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For the nine-month, the Company and its subsidiaries reported total Operating Expense of Baht 2,258 million decreased by 29% compared to the same period last year, mainly due to the following reasons

- Cost of sales decreased by 35%, in line with decreasing in sales volume.
- Selling and distribution expenses decreased by 32% from controlling expenses in accordance with a decrease in sales income.
- An increasing in administrative expenses by 7% 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 exchange of Baht 31 million due to the Baht appreciation in the 1st quarter and the 2nd quarter.

1.3 Share of profit from investment in associate

In the 3rd quarter of 2020, the Company reported share of loss from investment in associate of Baht 436 million increased by 162% compare to the same period of last year. For the nine-month, the Company and its subsidiaries reported share of loss from investment in associate of Baht 650 million increased by 12% compare to the same period of last year.

1.4 Finance cost

In the 3rd quarter of 2020, the Company and its subsidiaries reported Finance cost of Baht 11 million. For the nine-month, the Company and its subsidiaries reported Finance cost of Baht 40 million decreased from the previous year by 25% compare to the same period of last year.

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2. Consolidated statement of financial position as at 30 September 2020

Unit : Thousand Baht

| Statement of financial position | Consolidated financial statements | | Changes | |
|---|-----------------------------------|------------------|------------------------|--------------|
| | 30-Sep-20 | 31-Dec-19 | Increase (Decrease) | % |
| Assets | | | | |
| Current assets | 890,818 | 1,256,513 | (365,695) | (29%) |
| Non-current assets | 5,521,636 | 5,412,490 | 109,146 | 2% |
| Total assets | 6,412,454 | 6,669,003 | (256,549) | (4%) |
| Liabilities and shareholders' equity | | | | |
| Liabilities | | | | |
| Current liabilities | 1,436,921 | 1,844,008 | (407,087) | (22%) |
| Non-current liabilities | 761,605 | 918,201 | (156,596) | (17%) |
| Total liabilities | 2,198,526 | 2,762,209 | (563,683) | (20%) |
| Shareholders' equity | | | | |
| Total shareholders' equity | 4,213,928 | 3,906,794 | 307,134 | 8% |
| Total liabilities and shareholders' equity | 6,412,454 | 6,669,003 | (256,549) | (4%) |

2.1 Asset

As of September 30, 2020, the Company and its subsidiaries had total assets of Baht 6,412 million, a decrease of 4% from the end of 2019. Current assets decreased by Baht 366 million or 29% mainly due to the decrease in Inventories and accounts receivable. While non-current assets increased by Baht 109 million or 2% due to the increase in Investment in associate.

2.2 Liabilities

As of September 30, 2020, the Company and its subsidiaries had total liabilities of Baht 2,199 million, a decrease of 20% from the end of 2019, with the main changes from current liabilities decreased by Baht 407 million or 22% due to the decrease in short-term loans and trade and other payables. Non-current liabilities decreased by Baht 156 million or 17% due to a decrease in long-term loan.

2.3 Shareholders' equity

As of September 30, 2020, Total Shareholders' Equity of the Company and its subsidiaries was Baht 4,214 million increased by 8% from the end of 2019, mainly due to an increase in unappropriated retained earnings.

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3. Consolidated cash flow statement for the 9-month period ended September 30, 2020

Unit : Thousand Baht

| Cash flow statement | Consolidated 30-Sep-20 |
|---|---------------------------|
| Cash flows from operating activities | |
| Net cash flows from operating activities | 148,821 |
| Cash flows from investing activities | |
| Net cash flows from investing activities | 441,986 |
| Cash flows from financing activities | |
| Net cash flows used in financing activities | (580,293) |
| Net increase in cash and cash equivalents | 10,514 |
| Cash and cash equivalents at beginning of period | 41,336 |
| Cash and cash equivalents at end of period | 51,850 |

As of September 30, 2020, the Company and subsidiaries had an increase in net cash and cash equivalents Baht 11 million, with the company and its subsidiaries had net cash flow from operating activities of Baht 149 million. Net cash flow from investing activities was Baht 442 million, mainly from dividend received from associate. Net cash flow used in financing activities of Baht 580 million from repayment of short-term loan and long-term loans from financial institutions and dividend paid.

4. Financial Ratio from consolidated financial statement for the ended September 30, 2020

| Profitability ratios | Consolidated financial statements | | Changes |
|---|-----------------------------------|----------------------------|----------------|
| | For the nine-month 2020 | For the nine-month 2019 | |
| Gross Profit Margin | 17% | 10% | 7% |
| EBITDA Margin | 34% | 16% | 18% |
| Net Profit Margin | 18% | 8% | 10% |
| Return on Equity | 9% | 6% | 3% |
| The Capacity to pay and liquidity ratios | 30-Sep-20 | 31-Dec-19 | Changes |
| Debt to equity ratio (Times) | 0.52 | 0.71 | (0.19) |
| Liquidity ratio (Times) | 0.62 | 0.68 | (0.06) |

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