

Tipco 001/2019

Management Discussion and Analysis Tipco Foods Public Company Limited
For the Three-month and Nine-month Period ended December 31, 2018
1. Consolidated statement of comprehensive income ended December 31, 2018

Unit : Baht

Statement of comprehensive income	For one-year period		Changes	
	2018	2017	Increase (Decrease)	%
Sales and service income	4,248,050,424	4,869,664,652	(621,614,228)	-13%
Other income	107,963,869	81,946,050	26,017,819	32%
Total revenues	4,356,014,293	4,951,610,702	(595,596,409)	-12%
Total expenses	4,411,276,268	4,747,105,273	(335,829,005)	-7%
Profit (loss) before share of profit from investment in associate, finance cost and income tax	(55,261,975)	204,505,429	(259,767,404)	-127%
Share of profit from investment in associate	132,661,359	600,610,257	(467,948,898)	-78%
Profit (loss) before finance cost and income tax	77,399,384	805,115,686	(727,716,302)	-90%
Finance cost	(55,992,863)	(53,840,067)	2,152,796	4%
Profit (loss) before income tax	21,406,521	751,275,619	(729,869,098)	-97%
Income tax	(52,283,266)	(47,497,632)	4,785,634	10%
Profit (loss) for the period	(30,876,745)	703,777,987	(734,654,732)	-104%
Profit (loss) for the period Equity holders of the Company	(30,876,745)	702,647,368	(733,524,113)	-104%

In 2018, the Company and its subsidiaries reported a total revenue of Baht 4,356 million, decreased 12% compared to the same period of last year, the details can be explained as follows:

1.1 Sales and service income

Unit : million Baht

For one-year period	Product of vegetable and fruit		Changes		Beverage		Changes		Other		Changes		Consolidated financial		Changes	
	2018	2017	Increase (Decrease)	%	2018	2017	Increase (Decrease)	%	2018	2017	Increase (Decrease)	%	2018	2017	Increase (Decrease)	%
Sales and service income	1,697	2,092	(395)	-19%	2,429	2,674	(245)	-9%	122	104	18	17%	4,248	4,870	(622)	-13%

In 2018, the Company and its subsidiaries reported Sales and services income of Baht 4,248 million, decreased by 13% compared to the same period of last year, mainly due to a decrease in revenues from Product of vegetable and fruit by 19% from the decrease in selling prices according to raw material prices. The beverage business decreased by 9% due to the decline of the overall fruit juice market. However, the company is still able to expand its market share and occupy No.1 market share in a total fruit juice market and premium fruit juice market.

1.2 Operating Expense

Unit : Baht

Expenses	For one-year period		Change	
	2018	2017	Increase (Decrease)	%
Cost of sales and services	3,352,949,274	3,520,043,096	(167,093,822)	-5%
Selling expenses	645,904,962	719,447,247	(73,542,285)	-10%
Administrative expenses	438,992,325	502,091,418	(63,099,093)	-13%
Other expenses	(26,570,293)	5,523,512	(32,093,805)	-581%
Total expenses	4,411,276,268	4,747,105,273	(335,829,005)	-7%

In 2018, the Company and its subsidiaries reported total Operating Expense of Baht 4,411 million decreased by 7% compared to the same period of last year, which can be explained as follows

- Cost of sales and service decreased by 5%, in line with a decrease in revenue from sales and services. And a decrease in raw material price of product of vegetable and fruit, including the reversal of loss on decline in value of inventories of Baht 54 million. However, some raw material prices have risen from the previous year.
- Selling expenses decreased by 10% from adjusting sales and promotion expenses in accordance with market conditions.
- A decrease in Administrative Expenses by 13% from controlling expenses in accordance with a decrease in Sales and services income.
- Other expenses were Reversal of allowance for impairment of machinery amount Baht 29 million in the 1st quarter.

1.3 Share of profit from investment in associate

In 2018, the Company reported Share of profit from investment in associate of Baht 133 million decreased by 78% compare to the same period of last year.

1.4 Finance cost

In 2018, the Company and its subsidiaries reported Finance cost of Baht 55 million increased from the previous year by 4% mainly due to an increase in long-term loan for investment of natural mineral water capacity expansion.

2. Consolidated statement of financial position as at 31 December 2018

Unit : Baht

Statement of financial position	Consolidated financial statements		Changes	
	31-Dec-18	31-Dec-17	Increase (Decrease)	%
Assets				
Current assets	1,747,914,423	1,781,226,896	(33,312,473)	-2%
Non-current assets	5,328,660,004	5,157,202,350	171,457,654	3%
Total assets	7,076,574,427	6,938,429,246	138,145,181	2%
Liabilities and shareholders' equity				
Liabilities				
Current liabilities	1,962,326,700	1,771,259,006	191,067,694	11%
Non-current liabilities	940,843,082	796,554,030	144,289,052	18%
Total liabilities	2,903,169,782	2,567,813,036	335,356,746	13%
Shareholders' equity				
Total shareholders' equity	4,173,404,645	4,370,616,210	(197,211,565)	-5%
Total liabilities and shareholders' equity	7,076,574,427	6,938,429,246	138,145,181	2%

2.1 Asset

As of December 31, 2018, the Company and its subsidiaries had total assets of Baht 7,077 million, an increase of 2% from the end of 2017. Current assets decreased by Baht 33 million or 2% mainly due to the decrease in cash and accounts receivable. While non-current assets increased by Baht 171 million, mainly due to the natural mineral water capacity expansion.

2.2 Liabilities

As of December 31, 2018, the Company and its subsidiaries had total liabilities of Baht 2,903 million, an increase of 13% from the end of 2017, with the main changes from current liabilities increased by Baht 191 million or 11% due to the increase in short-term loans and current portion of long-term loans. Non-current liabilities increased by Baht 144 million or 18% for additional investment in natural mineral water capacity expansion.

2.3 Shareholders' equity

As of December 31, 2018, Total Shareholders' Equity of the Company and its subsidiaries was Baht 4,173 million decreased by 5% from the end of 2017, mainly due to a decrease in Unappropriated retained earnings.

3. Consolidated cash flow statement for the 12-month period ended December 31, 2018

Unit : Baht

Cash flow statement	For one-year period
	31-Dec-18
Cash flows from operating activities	
Net cash flows from (used in) operating activities	57,665,625
Cash flows from investing activities	
Net cash flows (used in) investing activities	(204,914,775)
Cash flows from financing activities	
Net cash flows from (used in) financing activities	53,620,704
Net increase (decrease) in cash and cash equivalents	(93,628,446)
Cash and cash equivalents at beginning of period	199,464,462
Cash and cash equivalents at end of period	105,836,016

As of December 31, 2018, the Company and subsidiaries had a decrease in net cash and cash equivalents Baht 94 million, with the company and its subsidiaries had net cash flow from operating activities of Baht 58 million. Net cash used in investing activities was Baht 205 million, mainly from cash paid for the purchase of property plant and equipment and net cash flow derived from financing activities of Baht 54 million from long-term loans.

4. Financial Ratio from consolidated financial statement for the ended December 31, 2018

Profitability ratios	For one-year period		Changes
	2018	2017	
Gross Profit Margin	21%	28%	-7%
EBITDA Margin	2%	16%	-14%
Net Profit Margin	-1%	14%	-15%
The Capacity to pay and liquidity ratios	31-Dec-18	31-Dec-17	Changes
Debt to equity ratio (Times)	0.70	0.59	11%
Liquidity ratio (Times)	0.89	1.01	-11%