



Tipco 001/2020

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

Unit : Baht

Statement of comprehensive income	Consolidated financial statements		Changes	
	2019	2018	Increase (Decrease)	%
Sales and service income	3,561,064,263	4,248,050,424	(686,986,161)	(16%)
Other income	126,022,968	107,975,986	18,046,982	17%
<b>Total revenues</b>	<b>3,687,087,231</b>	<b>4,356,026,410</b>	<b>(668,939,179)</b>	<b>(15%)</b>
Total expenses	4,157,126,348	4,411,288,385	(254,162,037)	(6%)
<b>Profit (loss) before share of profit from investment in associate, finance cost and income tax</b>	<b>(470,039,117)</b>	<b>(55,261,975)</b>	<b>(414,777,142)</b>	<b>(751%)</b>
Share of profit from investment in associate	732,668,446	132,661,359	600,007,087	452%
<b>Profit (loss) before finance cost and income tax</b>	<b>262,629,329</b>	<b>77,399,384</b>	<b>185,229,945</b>	<b>239%</b>
Finance cost	(69,945,288)	(55,992,863)	13,952,425	25%
<b>Profit (loss) before income tax</b>	<b>192,684,041</b>	<b>21,406,521</b>	<b>171,277,520</b>	<b>800%</b>
Income tax	14,983,118	(52,283,266)	(67,266,384)	(129%)
<b>Profit (loss) for the period</b>	<b>207,667,159</b>	<b>(30,876,745)</b>	<b>238,543,904</b>	<b>773%</b>
<b>Profit (loss) for the period Equity holders of the Company</b>	<b>207,667,159</b>	<b>(30,876,745)</b>	<b>238,543,904</b>	<b>773%</b>

**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	
	2019	2018	Increase (Decrease)	%	2019	2018	Increase (Decrease)	%	2019	2018	Increase (Decrease)	%	2019	2018	Increase (Decrease)	%
Sales and service income	1,418	1,697	(279)	(16%)	2,107	2,429	(322)	(13%)	36	122	(86)	(70%)	3,561	4,248	(687)	(16%)

In 2019, the Company and its subsidiaries reported Sales and services income of Baht 3,561 million, decreased by 16% compared to the same period of last year, mainly from the external factors which have been impacting directly to our business in overall, especially Product of vegetable and fruit. Also, partly due to a change in the preparation of financial statement in accordance with the new Thai accounting standard ("TFRS 15") by reclassifying from selling expenses to both sales deduction and

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cost of goods sold. Therefore, if compare to the same period of last year, product of vegetable and fruit decreased by 16%, mainly impacted from lower in selling price, sales volume, and also foreign exchange. Beverage business decreased by 13%, 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.

### 1.2 Operating Expense

Unit : Baht

Expenses	Consolidated financial statements		Change	
	2019	2018	Increase (Decrease)	%
Cost of sales and services	3,178,577,480	3,394,578,070	(216,000,590)	(6%)
Selling expenses	436,828,614	604,276,166	(167,447,552)	(28%)
Administrative expenses	541,720,254	439,140,641	102,579,613	23%
Other expenses	-	(26,706,492)	26,706,492	(100%)
<b>Total expenses</b>	<b>4,157,126,348</b>	<b>4,411,288,385</b>	<b>(254,162,037)</b>	<b>(6%)</b>

In 2019, the Company and its subsidiaries reported total operating expense of Baht 4,157 million decreased by 6% compared to the same period of last year, which can be explained as follows

- Cost of sales and service decreased by 6%, in line with decreasing in revenue from sales and services and decreasing in raw material price of product of vegetable and fruit.
- Selling expenses decreased by 28% from changes in the preparation of financial statements in accordance with the new Thai accounting standards (“TFRS 15”) reclassifying from selling expenses to both sales deduction and cost of goods sold.
- An increasing in administrative expenses by 23% 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. Excluding the above non-recurring items, administrative expenses slight lower than previous year.

### 1.3 Share of profit from investment in associate

In 2019, the Company reported Share of profit from investment in associate of Baht 733 million increased by 452% compare to the same period of last year.

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1.4 Finance cost

In 2019, the Company and its subsidiaries reported Finance cost of Baht 70 million increased from the previous year by 25% mainly due to an increase in long-term loan.

2. Consolidated statement of financial position as at 31 December 2019

Unit : Baht

Statement of financial position	Consolidated financial statements		Changes	
	2019	2018	Increase (Decrease)	%
<b>Assets</b>				
Current assets	1,256,513,591	1,747,914,423	(491,400,832)	(28%)
Non-current assets	5,412,489,329	5,328,660,004	83,829,325	2%
<b>Total assets</b>	<b>6,669,002,920</b>	<b>7,076,574,427</b>	<b>(407,571,507)</b>	<b>(6%)</b>
<b>Liabilities and shareholders' equity</b>				
<b>Liabilities</b>				
Current liabilities	1,844,007,417	1,962,326,700	(118,319,283)	(6%)
Non-current liabilities	918,200,818	940,843,082	(22,642,264)	(2%)
<b>Total liabilities</b>	<b>2,762,208,235</b>	<b>2,903,169,782</b>	<b>(140,961,547)</b>	<b>(5%)</b>
<b>Shareholders' equity</b>				
<b>Total shareholders' equity</b>	<b>3,906,794,685</b>	<b>4,173,404,645</b>	<b>(266,609,960)</b>	<b>(6%)</b>
<b>Total liabilities and shareholders' equity</b>	<b>6,669,002,920</b>	<b>7,076,574,427</b>	<b>(407,571,507)</b>	<b>(6%)</b>

2.1 Asset

As of December 31, 2019, the Company and its subsidiaries had total assets of Baht 6,669 million, a decrease of 6% from the end of 2018. Current assets decreased by Baht 491 million or 28% mainly due to the decrease in cash, Inventories and accounts receivable. While non-current assets increased by Baht 84 million or 2% due to the increase in Investment in associate.

2.2 Liabilities

As of December 31, 2019, the Company and its subsidiaries had total liabilities of Baht 2,762 million, a decrease of 5% from the end of 2018, with the main changes from current liabilities decreased by Baht 118 million or 6% due to the decrease in short-term loans and trade and other payables. Non-current liabilities decreased by Baht 23 million or 2% due to a decrease in net long-term loan.

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## 2.3 Shareholders' equity

As of December 31, 2019, Total Shareholders' Equity of the Company and its subsidiaries was Baht 3,907 million decreased by 6% from the end of 2018, mainly due to a decrease in other components of shareholders' equity.

## 3. Consolidated cash flow statement for the 12-month period ended December 31, 2019

Unit : Baht

Cash flow statement	Consolidated financial 2019
<b>Cash flows from operating activities</b>	
Net cash flows from operating activities	53,833,016
<b>Cash flows from investing activities</b>	
Net cash flows from investing activities	85,277,490
<b>Cash flows from financing activities</b>	
Net cash flows used in financing activities	(203,610,174)
<b>Net decrease in cash and cash equivalents</b>	<b>(64,499,668)</b>
Cash and cash equivalents at beginning of period	105,836,016
<b>Cash and cash equivalents at end of period</b>	<b>41,336,348</b>

As of December 31, 2019, the Company and subsidiaries had a decrease in net cash and cash equivalents Baht 64 million, with the company and its subsidiaries had net cash flow from operating activities of Baht 54 million. Net cash flow from investing activities was Baht 85 million, mainly from dividend received from associate and net cash flow used in financing activities of Baht 204 million from re-payment of long-term loans and dividend paid.

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

Profitability ratios	Consolidated financial statements		Changes
	2019	2018	
Gross Profit Margin	10.7%	20.1%	(9%)
EBITDA Margin	15.1%	8.1%	7%
Net Profit Margin	5.6%	(0.7%)	6%
Return on shareholders' equity	5.3%	(0.7%)	6%

The Capacity to pay and liquidity ratios	2019	2018	Changes
Debt to equity ratio (Times)	0.71	0.70	1%
Liquidity ratio (Times)	0.68	0.89	(21%)

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