



Tipco 002/2021

Revised

Management Discussion and Analysis Tipco Foods Public Company Limited

For the ended December 31, 2020

1. Consolidated statement of comprehensive income ended December 31, 2020

Unit : Baht

Statements of comprehensive income	Consolidated financial statements		Changes	
	2020	2019	Increase (Decrease)	%
Sales	2,500,123,559	3,561,064,263	(1,060,940,704)	(30%)
Other income	75,687,763	125,953,143	(50,265,380)	(40%)
Total revenues	2,575,811,322	3,687,017,406	(1,111,206,084)	(30%)
Total expenses	2,876,619,853	4,157,126,348	(1,280,506,495)	(31%)
Loss before share of profit from investment in associate, finance cost and income tax expenses	(300,808,531)	(470,108,942)	169,300,411	36%
Share of profit from investment in associate	836,967,622	732,668,446	104,299,176	14%
Profit before finance cost and income tax expenses	536,159,091	262,559,504	273,599,587	104%
Financial income	52,264	69,825	(17,561)	(25%)
Finance cost	(50,962,001)	(69,945,288)	(18,983,287)	(27%)
Profit before income tax expenses	485,249,354	192,684,041	292,565,313	152%
Income tax benefit (expenses)	(3,436,893)	14,983,118	18,420,011	123%
Profit for the year	481,812,461	207,667,159	274,145,302	132%

1.1 Sales and service income

Unit : Million Baht

For one-year period	Product of vegetable and		Changes		Beverage		Changes		Other		Changes		Consolidated financial		Changes	
	2020	2019	Increase (Decrease)	%	2020	2019	Increase (Decrease)	%	2020	2019	Increase (Decrease)	%	2020	2019	Increase (Decrease)	%
	Sales	834	1,418	(584)	(41%)	1,648	2,107	(459)	(22%)	18	36	(18)	(50%)	2,500	3,561	(1,061)

In 2020, the Company and its subsidiaries reported Sales of Baht 2,500 million, decreased by 30% compared to the same period of last year. This was mainly due to Product of vegetable and fruit business, which saw a 41% 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 22% drop in sales revenue, related to a slowdown in domestic purchasing power affected by COVID-19.

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1.2 Operating Expense

Unit : Baht

Expenses	Consolidated financial statements		Change	
	2020	2019	Increase (Decrease)	%
Cost of sales	2,064,387,522	3,178,577,480	(1,114,189,958)	(35%)
Selling and distribution expenses	311,001,624	436,828,614	(125,826,990)	(29%)
Administrative expenses	477,038,964	541,720,254	(64,681,290)	(12%)
Loss from exchange rate	24,191,743	-	24,191,743	100%
Total expenses	2,876,619,853	4,157,126,348	(1,280,506,495)	(31%)

In 2020, the Company and its subsidiaries reported total Operating Expense of Baht 2,877 million decreased by 31% 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 29% from adjusting sales and promotion expenses in accordance with market conditions.
- A decreasing in administrative expenses by 12% from controlling expenses in accordance with a decrease in Sales.
- Loss on exchange of Baht 24 million due to the Baht appreciation.

1.3 Share of profit from investment in associate

In 2020, the Company reported share of profit from investment in associate of Baht 837 million increased by 14% compare to the same period of last year.

In September 2020, the US State Department requested the associate to wind down crude oil procurement from Venezuela. In order to avoid a potential US sanction, the associate complied with the request and informed the US State Department in writing that the associate would cease purchasing crude oil from this source, effective by the end of November 2020. Currently, the associate already ceased its purchasing crude oil from this source.

The associate notified the Stock Exchange of Thailand of these facts on 11 September 2020, 15 September 2020 and 23 November 2020, together with the associate's plans to mitigate the risk arising from the disruption of its normal source of crude supply by considering plans to procure non-Venezuelan crude oil from other sources or to procure asphalt from other sources.

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1.4 Finance cost

In 2020, the Company and its subsidiaries reported Finance cost of Baht 51 million decreased from the previous year by 27% compare to the same period of last year mainly due to a decrease in long-term loan.

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

Unit : Baht

Statement of financial position	Consolidated financial statements		Changes	
	2020	2019	Increase (Decrease)	%
Assets				
Current assets	980,510,187	1,256,513,591	(276,003,404)	(22%)
Non-current assets	5,506,748,838	5,412,489,329	94,259,509	2%
Total assets	6,487,259,025	6,669,002,920	(181,743,895)	(3%)
Liabilities and shareholders' equity				
Liabilities				
Current liabilities	1,601,400,008	1,844,007,417	(242,607,409)	(13%)
Non-current liabilities	666,358,539	918,200,818	(251,842,279)	(27%)
Total liabilities	2,267,758,547	2,762,208,235	(494,449,688)	(18%)
Shareholders' equity				
Total shareholders' equity	4,219,500,478	3,906,794,685	312,705,793	8%
Total liabilities and shareholders' equity	6,487,259,025	6,669,002,920	(181,743,895)	(3%)

2.1 Asset

As of December 31, 2020, the Company and its subsidiaries had total assets of Baht 6,487 million, a decrease of 3% from the end of 2019. Current assets decreased by Baht 276 million or 22% mainly due to the decrease in Inventories and accounts receivable While non-current assets increased by Baht 94 million or 2% due to the increase in Investment in associate.

2.2 Liabilities

As of December 31, 2020, the Company and its subsidiaries had total liabilities of Baht 2,268 million, a decrease of 18% from the end of 2019, with the main changes from current liabilities decreased by Baht 243 million or 13% due to the decrease in trade and other payables and current portion of long-term loans from financial institutions. Non-current liabilities decreased by Baht 252 million or 27% due to a decrease in long-term loan.

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2.3 Shareholders' equity

As of December 31, 2020, Total Shareholders' Equity of the Company and its subsidiaries was Baht 4,220 million increased by 8% from the end of 2019, mainly due to an increase in unappropriated retained earnings.

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

Unit : Baht

Cash flow statement	Consolidated financial 2020
Cash flows from operating activities	
Net cash flows from operating activities	120,913,565
Cash flows from investing activities	
Net cash flows from investing activities	429,124,525
Cash flows from financing activities	
Net cash flows used in financing activities	(535,829,992)
Net increase in cash and cash equivalents	14,208,098
Cash and cash equivalents at beginning of year	41,336,348
Cash and cash equivalents at end of year	55,544,446

As of December 31, 2020, the Company and subsidiaries had an increase in net cash and cash equivalents Baht 14 million, with the company and its subsidiaries had net cash flow from operating activities of Baht 121 million. Net cash flow from investing activities was Baht 429 million, mainly from dividend received from associate. Net cash flow used in financing activities of Baht 536 million from repayment of long-term loans from financial institutions and dividend paid.

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

Profitability ratios	Consolidated financial statements		Changes
	2020	2019	
Gross Profit Margin	17.4%	10.7%	7%
EBITDA Margin	35.6%	16.5%	19%
Net Profit Margin	18.7%	5.6%	13%
Return on shareholders' equity	11.4%	5.3%	6%

The Capacity to pay and liquidity ratios	2020	2019	Changes
Debt to equity ratio (Times)	0.54	0.71	(17%)
Liquidity ratio (Times)	0.61	0.68	(7%)

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