



บริษัท น้ำมันพืชไทย จำกัด (มหาชน)
THAI VEGETABLE OIL PUBLIC COMPANY LIMITED

TVO/CP/19/008

February 27, 2019

Subject : Report of the Financial Statement, ended of December 31, 2018

Attention : The President of the Stock Exchange of Thailand

Dear Sirs,

This executive summary contains the 2018 performance result of Thai Vegetable Oil Public Company Limited including the reviewed financial statement of the Company and its subsidiary as ended December 31, 2018. The information will be useful for investors and those who are interested in.

Operating Results Overview

Operating results of the Company and its subsidiary for the years ending December 31, 2018 and 2017 are as follows;

Unit : Million Baht	2018	2017	Increase (Decrease)	
			Amount	%
Sales	24,704	24,250	454	1.87
Sale of Packing materials	373	318	55	17.30
Total sales	25,077	24,568	509	2.07
Cost of sales	21,799	21,924	(125)	(0.57)
Gross profit	3,278	2,644	634	23.98
Profit on exchange rate	89	27	62	229.63
Other income	160	210	(50)	(23.81)
Selling expenses	991	945	46	4.87
Administrative expenses	241	312	(71)	(22.76)
Loss reduction of cost of inventory to net realizable value (Reversal)	(12)	39	(51)	(130.77)
Financial cost	3	4	(1)	(25)
Profit before income tax expenses	2,304	1,581	723	45.73
Income tax expenses	398	203	195	96.06
Net profit attributable to equity holders of the Company	1,867	1,327	540	40.69
Non-controlling interests of the subsidiary	39	51	(12)	(23.53)



In 2018, the Company and its subsidiary gained the net profit as a proportion of equity holding of the Company of Baht 1,867 million, an increase of Baht 540 million, or 40.69% from Baht 1,327 million when compared to the year 2017. The main reasons are;

1. Sales Revenue

The Company and its subsidiary had a total sales revenue of Baht 25,077 million, an increase of Baht 509 million or 2.07% from Baht 24,568 million when compared to the year 2017. The sales revenue of the Company was from sales of products Baht 24,704 million, an increase Baht 454 million or 1.87% from Baht 24,250 million when compared to the year 2017. The Company's subsidiary had revenue from sales of packaging materials of Baht 373 million, an increase of Baht 55 million or 17.30% from Baht 318 million when compared to the year 2017. The main causes were;

- Sales volume of soybean meal and animal feed ingredients increased due to an increase of export of Thailand's livestock sector and the effective marketing strategy. As for the selling price, it was in line with the price of soybean meal traded in the global market; which was on high level, because of concerns about the shortage of soybean meal due to the drought crisis in Argentina; a major exporter of soybean meal.
- Sales volume of refined soybean oil was slightly increased while selling price was decreased due to intense competition in the domestic vegetable oil market as well as the production and stock of domestic palm oil were still on high level and the decline in price of palm oil traded in the global market causing consumers has turned to use palm oil due to cheaper prices and being a substitute product that can replace soybean oil.
- Sales volume of packaging materials was increased due to the sales of new product items and more purchase orders from customers in fruit juice and seasoning sauce segment.

2. Cost of Sales and Gross Profits

The Company and its subsidiary's cost of sales was Baht 21,799 million, a decrease of Baht 125 million, or 0.57% from Baht 21,924 million when compared to the year 2017. The main reasons were:

Cost of Sales and Gross Profits of the Company: Cost of soybean including transportation was lower when compared to the year 2017 while selling prices of soybean meal and animal feed ingredients could be adjusted up to the price of soybean meal traded in the global market. As a result, the Company's gross profit was Baht 3,157 million, an increase of Baht 654 million from Baht 2,503 million or 26.14% and gross profit margin was 12.78% from 10.32% or increased 2.46% when compared to the year 2017.

Cost of Sales and Gross Profits of Subsidiary: The Subsidiary had higher cost of sales due to the increase in cost of plastic resin, the main raw material for packaging production, which resulted in a decrease in gross profit and gross profit margin from the previous year.

3. Gain on Exchange Rate

The Company has been successful in managing and hedging against exchange rate risk through forward contract, which resulted in the Company's gain on exchange totalling Baht 89 million in 2018. This amount included unrealized loss on Mark-to-Market (MTM).

4. Other Incomes

The Company and its subsidiary generated other incomes of Baht 160 million, a decrease of Baht 50 million or 23.81% from Baht 210 million when compared to the year 2017 due to high value of over-due promotional expenses was negotiated and adjusted successfully.

5. Selling and Administrative Expenses

The total selling expense of the Company and its subsidiary was Baht 991 million, an increase of Baht 46 million or 4.87% from Baht 945 million when compared to the year 2017. This was due to an increase in sales volume resulting in higher promotional expenses, domestic transportation and export expenses.

Administrative expenses was Baht 240 million, a decrease of Baht 72 million, or 23.08%, from Baht 312 million when compared to the year 2017 due to a decrease in employee expenses, social supporting expenses and promotional privileges (BOI).

6. Loss Reduction of Cost of Inventory to Net Realizable Value (Reversal)

In the first and second quarter of 2018, the Company had a reversal loss reduction of inventory to net realizable value in 2017 at Baht 39 million. The reversal was recognized in the income statement. However, in the year 2018, the Company recorded a loss from reduction of inventories to net realizable value of Baht 26 million in some products.

Conclusion of the operational performance in 2018

For the performance result in 2018, the Company and its subsidiary had a total sale revenue of Baht 24,704 million, an increase of Baht 454 million, or 1.87%, from Baht 24,250 million. Total cost of sales was Baht 21,799 million, a reduction of Baht 125 million, or 0.57% from Baht 21,924 million. Gross profit was Baht 3,278 million, an increase of Baht 634 million or 23.98% from Baht 2,644 million. The

selling expense was Baht 991 million, an increase of Baht 46 million or 4.87% from Baht 945 million. Total administrative expense was Baht 241 million, a decrease of Baht 71 million or 22.76% from Baht 312 million. In overall, the Company and its subsidiary had a net profit of Baht 1,867 million, an increase of Baht 540 million or 40.69% from Baht 1,327 million.

Yours sincerely,



(Mr. Bowon Vongsinudom)

Chief Executive Officer and President