



บริษัท เอบิโก้ โฮลดิ้งส์ จำกัด (มหาชน)

401/1 หมู่ 8 อาคารเอบิโก้ ชั้น 5 ถ.พหลโยธิน ต.จตุรตถ อ.ลำลูกกา จ.ปทุมธานี 12130

โทร 02-080-7899 โทรสาร 02-080-7805

**Management Discussion and Analysis (MD&A) ABICO HOLDINGS ABICO HOLDINGS PUBLIC COMPANY LIMITED**

**FOR THE YEAR 2018**

1. STATEMENTS OF COMPREHENSIVE INCOME

1.1 Revenues from sales and services

(Unit: Million Baht)

	<u>For the year</u>		<u>Movement</u>	
	<u>2018</u>	<u>2017</u>	<u>Increase (decrease)</u>	<u>%</u>
Producer and distributor of ready-to-drink milk, drinks	700,749	507,484	193,265	38
Immovable property business	18,775	13,771	5,004	36
Agriculture and dairy farm	63,526	43,445	20,081	46
<b>Total</b>	<b>783,050</b>	<b>564,700</b>	<b>218,350</b>	<b>38</b>

Contract manufacturing business of ready-to-drink milk and pasteurized fruit juices saw its income increase by Baht 193.26 million, or 38%, due to more production orders from the customers, the Company had more manufacturing and delivery of products in year 2018, increases were 47%.

Immovable property business saw its income increase Baht 5 million, because rental building leasable area increase from last year.

Farm business saw its income increase Baht 20.08 million, due to more delivery of raw milk to the customers compared to those of the same periods last year both. The increases were 46%.

1.2 Cost of sales and service, Administrative expenses

(Unit: Million Baht)

	<u>For the year</u>		<u>Movement</u>	
	<u>2018</u>	<u>2017</u>	<u>Increase (decrease)</u>	<u>%</u>
Cost of sales and service	670.71	491.21	179.50	36
Administrative expenses	60.27	52.20	8.07	15
<b>Total</b>	<b>730.98</b>	<b>543.41</b>	<b>187.57</b>	<b>35</b>

In the year 2018, the Company's cost of sales and administrative expenses are Baht 670.71 million and Baht 60.27 million respectively.

- The cost of sales and service increased by Baht 179.50 million, or 36%. The increases of the cost of sales and service were due to more sales volume; as well as more depreciation caused by the investment in machinery to improve production efficiency, reduce cost of production in the future, and support more sales volume in the future also in the year 2018 the Company increasing the rate of benefit of an employee who has past service 20 years to the draft of Labour Protection Act..
- Administrative expenses in the year 2018 increased by Baht 8.07 million, or 15%, from the last year.

### 1.3 Others income

- Total other income amounted to Baht 39.21 million, which increased by Baht 12.66 million, or 48%,. The main cause was more commission income in of 2018, which increased by Baht 13.40 million.

### 1.4 Operational profit and net profit

(Unit: Million Baht)

	<u>For the year</u>		<u>Movement</u>	
	<u>2018</u>	<u>2017</u>	<u>Increase (decrease)</u>	<u>%</u>
Profit (loss) before tax expenses	71.53	28.61	42.92	150
<u>Loss</u> Tax expenses	13.35	5.07	8.28	163
<b>Operational Profit</b>	58.18	23.54	34.64	147
Share of profit (loss) of associate	(74.20)	75.93	(150.13)	(198)
<b>Net profit</b>	(16.02)	99.47	(115.49)	(116)

- Operational profit amounted to Baht 58.18 million, which increased by Baht 34.64 million, or 147%, in last year;. The increases were due to more production orders from the customers, as well as more effective ways to manage expenses and costs.
- In the year 2018, have loss profit Baht 16.02 million according to the financial statement. This resulted from the recognized share of loss from the investment in the associate companies that by Baht 74.20 million.

## 2. Analysis of financial status as at 31 December 2018

(Unit: Million Baht)

<u>Assets</u>	<u>31 Dec. 2018</u>	<u>%</u>	<u>31 Dec. 2017</u>	<u>%</u>
Trade and other receivables	120.51	9%	92.70	7%
Inventories	119.88	8%	104.83	8%
Investment in associated company	357.05	25%	483.96	36%
Property, plant and equipment	712.57	51%	558.59	42%
Biological assets – dairy cow	46.27	3%	44.28	3%
Others	55.54	4%	61.09	4%
Total assets	1,411.82	100%	1,345.45	100%

Total assets were Baht 1,411.82 million, which increased by Baht 66.37 million from 2017.

- Trade and other receivables increased by Baht 27.81 million, because the Company delivery more product to customers. This was consistent with the increased revenue in the contract manufacturing business of milk, drinks, and fruit juices.
- Inventories increased by Baht 15.05 million, because the Company had to reserve packages and raw materials for customers in manufacturing.
- Investment in the associated companies decreased by Baht 126.91 million, due to the recognized share of profit in the associate companies.
- Land, buildings, and equipment increased by Baht 153.98 million, because of the investment of Baht 163.59 million in equipment and the depreciation during the year.
- Biological assets increased by Baht 1.99 million, due to the adjustment of fair value of the dairy cattle in the subsidiaries.
- Other assets were mostly cash and equivalent transactions to cash, deferred income tax assets and assets not used in operation.

(Unit: Million Baht)

<u>Liabilities</u>	31 Dec. 2018	%	31 Dec. 2017	%
Bank overdrafts and short-term loan	10.00	2%	10.00	2%
Trade and other payables	112.49	19%	82.25	16%
Liabilities under financial lease agreement	119.75	20%	64.58	13%
Long – term loan	265.55	44%	265.68	53%
Others	91.77	15%	77.72	16%
Total liabilities	599.56	100%	500.23	100%

Total liabilities were Baht 599.56 million, which increased by Baht 99.33 million from 2017.

- Trade and other payables increased by Baht 30.24 million, the company's purchase of raw materials and packing materials for production to customers relative to the increase in inventories.
- Liabilities under financial lease agreements increased by Baht 55.17 million, the Company paid Baht 16.48 million for the liabilities under financial lease agreements and increased a contract to lease machinery Baht 71.65 million.
- Long-term loan decreased Baht 0.13 million, because the Company have paid Baht 62 million for the loan and received more loan of Baht 62.13 million.
- Other liabilities consisted of bank overdrafts, deferred tax liabilities, employee benefit obligation.