



บริษัท เอบิโก้ โฮลดิ้งส์ จำกัด (มหาชน)

401/1 หมู่ 8 อาคารเอบิโก้ ชั้น 5 ถ.พหลโยธิน ต.จตุรต 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 SECOND QUARTER 2019 THREE MONTHES AND SIX MONTHS

1. STATEMENTS OF COMPREHENSIVE INCOME

1.1 Revenues from sales and services

(Unit: Million Baht)

	<u>For the second quarter</u>		<u>For the period of six months</u>		<u>Movement for the second quarter</u>		<u>Movement for the period of six months</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>Increase (decrease)</u>	<u>%</u>	<u>Increase (decrease)</u>	<u>%</u>
Producer and distributor of ready-to-drink milk, drinks	276.36	178.92	476.89	346.52	97.44	54.46	130.37	37.62
Immovable property business	4.76	4.72	9.48	9.38	0.04	0.85	0.10	1.07
Agriculture and dairy farm	14.80	17.76	32.09	35.14	(2.96)	(16.67)	(3.05)	(8.68)
Total	295.92	201.40	518.46	391.04	94.52	46.93	127.42	32.58

- Contract manufacturing business of ready-to-drink milk and pasteurized fruit juices saw its income increase by Baht 97.44 million, or 54.46%, in Q2'19, and by Baht 130.37 million, or 37.62%, in the six-month period. Due to more production orders from the customers, the Company had more manufacturing and delivery of products in Q2'19, both in the three-month period and the six-month period. The increases were 24.46% and 24.02% respectively compared to those of the same periods of last year.
- Immovable property business saw its income increase both in the three-month period and the six-month period by Baht 0.04 million and Baht 0.10 million respectively, near that of last year.
- Farm business saw its income decrease both in the three-month period and the six-month period by Baht 2.96 million and Baht 3.05 million respectively, due to more delivery of raw milk to the customers compared to those of the same periods last year both in the three-month period and the six-month period. The decreases were 17% and 11% respectively.

1.2 Cost of sales and service, Administrative expenses

(Unit: Million Baht)

	For the second quarter		For the period of six months		Movement for the second quarter		Movement for the period of six months	
	2019	2018	2019	2018	Increase (decrease)	%	Increase (decrease)	%
Cost of sales and service	246.52	163.05	429.9	319.72	83.47	51.19	110.18	34.46
Administrative expenses	16.15	17.23	31.79	30.68	(1.08)	(6.27)	1.11	3.62
Total	262.67	180.28	461.69	350.40	82.39	45.70	111.29	31.76

In Q2'19, the Company's cost of sales and administrative expenses in the three-month period and the six-month period are Baht 262.67 million and Baht 461.69 million respectively.

- The cost of sales and service increased by Baht 83.47 million, or 51.19%, in Q2'19; and increased by Baht 110.18 million, or 34.46%, in the six-month period. 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.
- Administrative expenses decreased by Baht 1.08 million, or 6.27%, in Q2'19; and increased by Baht 1.11 million, or 3.62%, in the six-month period.

1.3 Others income

- Total other income amounted to Baht 11.53 million, which increased by Baht 3.51 million, or 23.34%, in Q2'19; and amounted to Baht 22.63 million, which increased by Baht 0.19 million, or 0.84%, in the six-month period.

1.4 Operational profit and net profit

(Unit: Million Baht)

	For the second quarter		For the period of six months		Movement for the second quarter		Movement for the period of six months	
	2019	2018	2019	2018	Increase (decrease)	%	Increase (decrease)	%
Profit (loss) before tax expenses	38.84	30.58	68.32	52.51	8.26	27.01	15.81	30.11
Loss Tax expenses	7.20	5.73	12.50	9.81	1.47	25.65	2.69	27.42
Operational Profit	31.64	24.85	55.82	42.70	6.79	27.32	13.12	30.73
Share of profit (loss) of associate	(17.40)	(4.02)	(31.43)	(1.49)	13.38	322.84	29.94	2,009.40
Net profit	14.24	20.83	24.39	41.21	(6.59)	(31.64)	(16.82)	(40.82)

- Operational profit amounted to Baht 31.64 million, which increased by Baht 6.79 million, or 27.32%, in Q2'19; and amounted to Baht 55.82 million, which increased by Baht 13.12 million, or 30.73%, in the six-month period. The increases were due to more production orders from the customers, as well as more effective ways to manage expenses and costs.
- Net profit according to the financial statement decreased by Baht 6.59 million, or 31.64%, in Q2'19; and decreased by Baht 16.82 million, or 40.82%, in the six-month period. This resulted from the recognized share of loss from the investment in the associate companies that decreased by Baht 13.38 million and Baht 29.94 million respectively compared to those in the same periods last year.

2. Analysis of financial status as at 30 June 2019

(Unit: Million Baht)

<u>Assets</u>	30 June 2019	%	31 December 2018	%
Trade and other receivables	199.61	12%	120.51	9%
Inventories	161.04	10%	119.88	8%
Investment in associated company	319.19	20%	352.51	25%
Property, plant and equipment	821.88	51%	712.57	51%
Biological assets – dairy cow	49.83	3%	46.27	3%
Others	60.49	4%	55.54	3%
Total assets	1,612.04	100%	1,407.27	100%

Total assets were Baht 1,612.04 million, which increased by Baht 204.77 million from 2018.

- Trade and other receivables increased by Baht 79.10 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 41.16 million, because the Company had to reserve packages and raw materials for customers and new customers in manufacturing.
- Investment in the associated companies decreased by Baht 33.32 million, due to the recognized share of loss in the associate companies.
- Land, buildings, and equipment increased by Baht 109.31 million, because of the investment of Baht 144.32 million in equipment and the depreciation of Baht 35.01 million during the period.
- Biological assets increased by Baht 3.56 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, intangible assets and Other non-current assets

(Unit: Million Baht)

<u>Liabilities</u>	30 June 2019	%	31 December 2018	%
Bank overdrafts and short-term loan	40.00	5%	10.00	2%
Trade and other payables	174.31	22%	112.49	18%
Liabilities under financial lease agreement	102.54	13%	119.75	20%
Long – term loan	365.07	47%	265.55	44%
Others	97.56	13%	91.77	16%
Total liabilities	779.48	100%	599.56	100%

Total liabilities were Baht 779.48 million, which increased by Baht 179.92 million from 2018.

- Bank overdrafts and short-term loan increased by Baht 30 million, because the subsidiaries withdrew more short-term loan from financial institutions for operations.
- Trade and other payables increased by Baht 61.82 million, because the Company order packages and raw materials for manufacturing to customer.
- Liabilities under financial lease agreements decreased by Baht 17.21 million, because the Company paid Baht 18.38 million for the liabilities under financial lease agreements.
- Long-term loan increased Baht 99.52 million, because the Company have paid Baht 38.16 million for the loan and received more loan of Baht 137.69 million.
- Other liabilities consisted of bank overdrafts, deferred tax liabilities, employee benefit obligation, current liabilities and other non-current liabilities.