



บริษัท เอบิโก้ โฮลดิ้งส์ จำกัด (มหาชน)

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

FOR THE THIRD QUARTER 2020 THREE MONTHES AND NINE MONTHS

1. STATEMENTS OF COMPREHENSIVE INCOME

1.1 Revenues from sales and services

(Unit: Million Baht)

	For the third quarter		For the period of nine months		Movement for the third quarter		Movement for the period of nine months	
	2020	2019	2020	2019	Increase (decrease)	%	Increase (decrease)	%
Producer and distributor of ready-to-drink milk, drinks	498.91	290.89	1,474.70	767.79	208.02	71.51	706.91	92.07
Immovable property business	3.15	4.69	9.57	14.16	(1.54)	(32.84)	(4.59)	(32.42)
Agriculture and dairy farm	13.73	10.88	46.15	42.97	2.85	26.19	3.18	7.40
Total	515.79	306.46	1,530.42	824.92	209.33	68.31	705.50	85.52

- Contract manufacturing business of ready-to-drink milk and pasteurized fruit juices saw its income increase by Baht 208.02 million, or 71.51%, in Q3'20, and by Baht 706.91 million, or 92.07%, in the nine-month period. Due to more production orders from the old customers and new customers, the Company had more manufacturing and delivery of products.
- Immovable property business saw its income decrease both in the three-month period and the nine-month period by Baht 1.54 million and Baht 4.59 million respectively, because in transaction records in accordance with TFRS16. This caused a decrease in Q3'20 compared to Q2'19 even though the rental space was not lower.
- Farm business saw its income increase both in the three-month period and the nine-month period by Baht 2.85 million and Baht 3.18 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 nine-month period. The increase were 26% and 8% respectively.

1.2 Cost of sales and service, Administrative expenses

(Unit: Million Baht)

	For the third quarter		For the period of nine months		Movement for the third quarter		Movement for the period of nine months	
	2020	2019	2020	2019	Increase (decrease)	%	Increase (decrease)	%
Cost of sales and service	462.83	259.66	1,347.77	689.56	203.17	78.24	658.21	95.45
Administrative expenses	18.25	16.96	55.06	48.76	1.29	7.61	6.30	12.92
Total	481.08	276.62	1,402.83	738.32	204.46	73.91	664.51	108.37

In Q3'20, the Company's cost of sales and administrative expenses in the three-month period and the nine-month period are Baht 481.08 million and Baht 1,402.83 million respectively.

- The cost of sales and service increased by Baht 203.17 million, or 78.24%, in Q3'20; and increased by Baht 658.21 million, or 95.45%, in the nine-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 increased by Baht 1.29 million, or 7.61%, in Q3'20; and increased by Baht 6.30 million, or 19.92%, in the nine-month period.

1.3 Others income

- Total other income amounted to Baht 7.49 million, which decreased by Baht 2.24 million, or 23.02%, in Q3'20; and amounted to Baht 25.22 million, which decreased by Baht 7.11 million, or 22%, in the nine-month period cause was more commission income in of Q3'20, which decreased by Baht 2.56 million and Baht 6.79 million respectively.

1.4 Operational profit and net profit

(Unit: Million Baht)

	For the third quarter		For the period of nine months		Movement for the third quarter		Movement for the period of nine months	
	2020	2019	2020	2019	Increase (decrease)	%	Increase (decrease)	%
Profit (loss) before tax expenses	35.85	31.70	135.02	100.02	4.15	13.09	35.00	34.98
Loss Tax expenses	6.47	6.62	24.75	19.12	(0.15)	(2.27)	5.63	29.45
Operational Profit	29.38	25.08	110.27	80.90	4.30	17.15	29.37	36.30
Share of profit (loss) of associate	(9.68)	(9.01)	(20.51)	(40.44)	0.67	7.44	(19.93)	(49.28)
Net profit	19.70	16.06	89.76	40.46	3.64	22.67	49.30	121.85

- Operational profit amounted to Baht 29.38 million, which increased by Baht 4.30 million, or 17.15%, in Q3'20; and amounted to Baht 110.27 million, which increased by Baht 29.37 million, or 36.30%, in the nine-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 increased by Baht 3.64 million, or 22.67%, in Q3'20; and increased by Baht 49.30 million, or 121.85%, in the nine-month period.

2. Analysis of financial status as at 30 September 2020

(Unit: Million Baht)

<u>Assets</u>	30 Sep. 2020	%	30 Sep. 2019	%
Trade and other receivables	459.99	22.49%	315.22	19%
Inventories	140.18	6.85%	116.98	7%
Lease receivable	87.00	4.25%	-	-
Investment in associated company	272.33	13.32%	286.20	17%
Property, plant and equipment	791.98	38.72%	871.72	52%
Right-of-used	213.73	10.45%	-	-
Biological assets – dairy cow	48.07	2.35%	45.97	2%
Others	31.96	1.57%	48.46	3%
Total assets	2,045.24	100%	1,684.55	100%

Total assets were Baht 2,045.24 million, which increased by Baht 360.69 million from 2019.

- Trade and other receivables increased by Baht 144.77 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 23.20 million, because the Company had to reserve packages and raw materials for customers and new customers in manufacturing.
- Lease receivables were increased by Baht 13.87 million because of the realization pf lease receivables in accordance with TFRS16.
- Investment in the associated companies decreased by Baht 13.87 million, due to the recognized share of loss in the associate companies.

- Land, buildings, and equipment were decreased by Baht 79.74 million because some were transferred to right-of-use assets by Baht 213.73 million in 2020. The Company also invested Baht 99.56 million on equipment in Q3'20 and there were the depreciation of Baht 47.51 million between the periods.
- Biological assets increased by Baht 2.10 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

<u>Liabilities</u>	(Unit: Million Baht)			
	30 Sep. 2020	%	30 Sep. 2019	%
Bank overdrafts and short-term loan	143.15	13.13%	83.00	10%
Trade and other payables	304.72	27.94%	210.54	25%
Liabilities under financial lease agreement	265.99	24.39%	113.87	14%
Long – term loan	255.50	23.43%	310.80	38%
Others	121.07	11.11%	107.93	13%
Total liabilities	1,090.43	100%	826.14	100%

Total liabilities were Baht 1,090.43 million, which increased by Baht 264.29 million from 2019.

- Bank overdrafts and short-term loan increased by Baht 60.15 million, because the subsidiaries withdrew more short-term loan from financial institutions for operations.
- Trade and other payables increased by Baht 94.18 million, because the Company order packages and raw materials for manufacturing to customer.
- Liabilities under financial lease agreements decreased by Baht 152.12 million. The Company saw an increase in year-by-year liabilities under financial lease agreements in transaction records in accordance with TFRS16.
- Long-term loan decreased Baht 55.30 million, because the Company have paid Baht 105.30 million for the loan and received more loan of Baht 50 million.
- Other liabilities consisted of bank overdrafts, deferred tax liabilities, employee benefit obligation, current liabilities and other non-current liabilities.