



Ref. TPBI-EXC 023/2021

10 May 2021

Subject: Interim Management Discussion & Analysis of financial statements for the first quarter of 2021

To: The President & Directors  
The Stock Exchange of Thailand

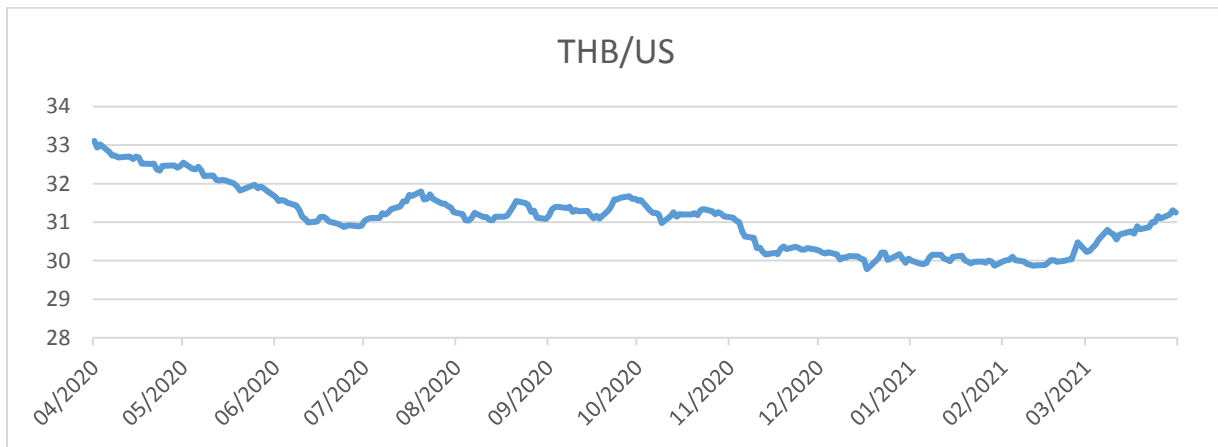
In compliance with the regulations of the SET, dated 19 November 1993, TPBI Public Company Limited (the “Company”) would like to present the operating results and financial position of the Company for the first quarter of 2021 as follows.

Respectfully yours,

(Mr. Kamol Borrisuttanakul)

Chief Financial Officer

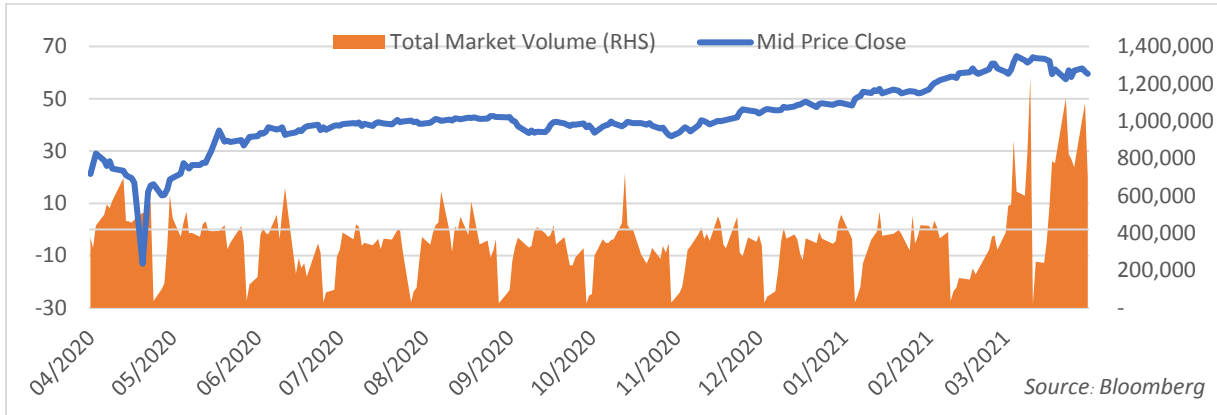
In the first quarter of 2021, the Thai exchange rate had been stable during the beginning of the quarter and tended to depreciated against US-dollar, during the last month of the quarter, floating between THB/USD 29.87-31.31, with an average of THB/USD 31.29, which slightly decrease from an average of THB/USD 30.59 in the last quarter.:



Source: Bloomberg

As most of the Company’s income and costs are predominantly denominated in USD, so we do have partly natural hedged to manage and minimize the impact from exchange rate in accordance with market condition. Nonetheless, the company has policy to manage and minimize the risk by buying the forward contract in an appropriate amount accordance with market condition. However, foreign exchange rate has been effected by the pandemic of Corona virus 19 (Covid-19) and the fluctuation of economy, saying that Thai exchange rate had been continually depreciated against US-dollar at the end of the quarter. This situation impact to forward contract that the Company previously entered into and the Company has to record loss from mark to market value of such forward contract due to the application of International Financial Reporting Standard (IFRS-9).

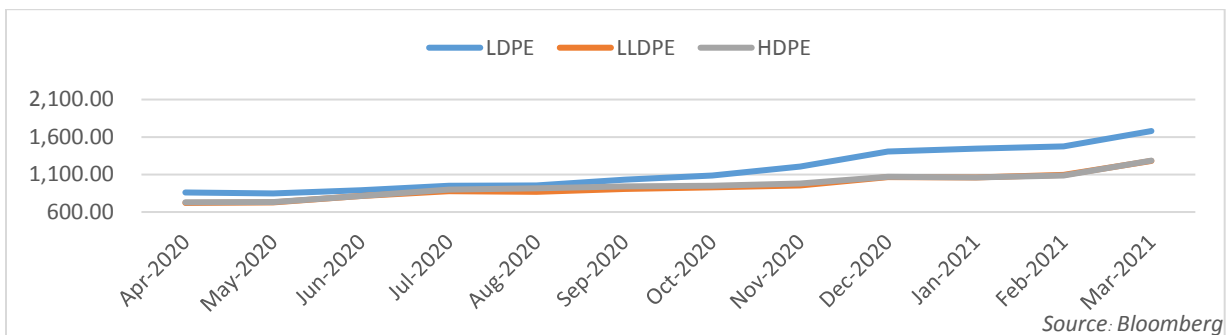
The global crude oil price has continuously increased from the last quarter but a slightly decreased at the end of the quarter, moving in the range of USD 47.34 – 65.91 per barrel at an average of USD 58.07 per barrel, which the increase was USD 15.47 per barrel compared to last quarter.



The prices of resins; i.e., HDPE, LLDPE and LDPE were explicitly increased as following details;

- HDPE's price was increased from USD 1,068.75 per MT to USD 1,285.63 per MT or 20.29% increase.
- LLDPE's price was increased from USD 1,063.75 per MT to USD 1,281.25 per MT or 20.44% increase.
- LDPE's price was increased from USD 1,408.33 per MT to USD 1,680 per MT or 19.29% increase.

The average prices of HDPE, LLDPE and LDPE were USD 1,145.21, 1,145.83 and 1,532.92 per MT respectively during the first quarter of 2021.





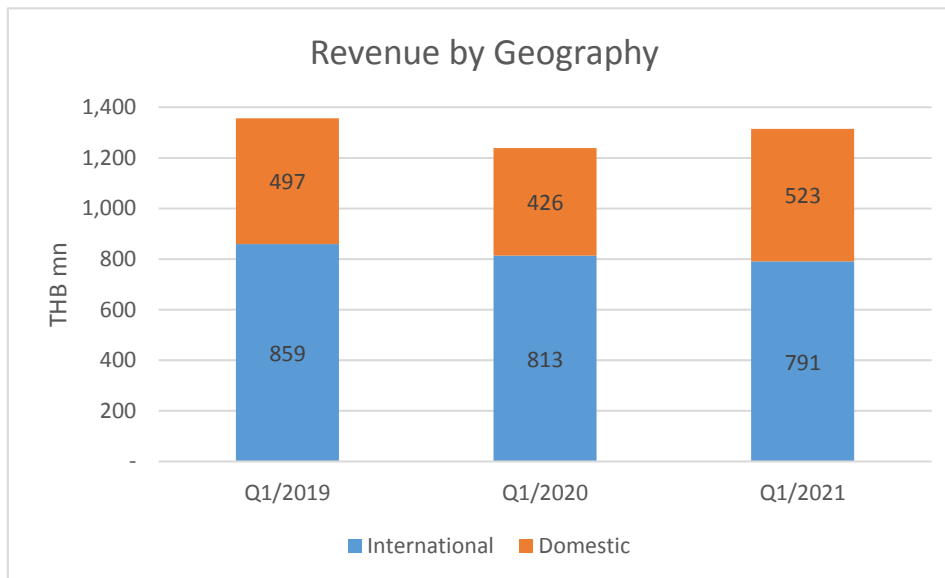
## Operating Results *(For first quarter of 2021 compared with first quarter of 2020)*

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Because of demand normalization after extra demand from Covid-19, sales of Consumables have been slightly decreased comparing to 1Q20. The Company has received lower orders of garbage bags and vest carriers/ t-shirt. Although, the Company has received higher orders; for reusable bags and fruit and vegetable bags from both domestic and foreign customers, there were many important factors that impacted to operating result of consumables, which is the main business of the Company, during 1Q21; i.e., the fluctuation of foreign exchange, the increase of resin prices which is our main material and shipping container shortage. While the contraction of domestic economy still effects to the potentiality of order fulfilment to be in accordance with capacity of the new factory of Flexibles, we started to see increasing orders for flexible packaging. Whereas, Paper and Global Trading had been still impacted by the uncertain pandemic of Corona virus 19 (Covid-19) in the UK during 1Q21. The fluctuation of Thai exchange rate which was stable during the beginning of the quarter and tended to depreciated against US-dollar, during the last month of the quarter which is benefit to the Company as an exporter, however, such depreciation also creates negative effect to forward contracts that the Company previously entered into, and the Company has to record loss from mark to market value of such forward contract due to the application of International Financial Reporting Standard (IFRS-9). As aforementioned factors are negative to the operation of the Company, operating results in the first quarter of the year has loss. The details of operating results are illustrated in the next section.

## Sales

In 1Q21, the Company recorded THB 1,313.94 million in sales, increased by THB 75.33 million or 6.08% from the same period last year. Majority of sales (60.17%) still came from exports to international markets and sale in foreign countries contributed by foreign subsidiaries of the Company (Myanmar, UK and Australia).



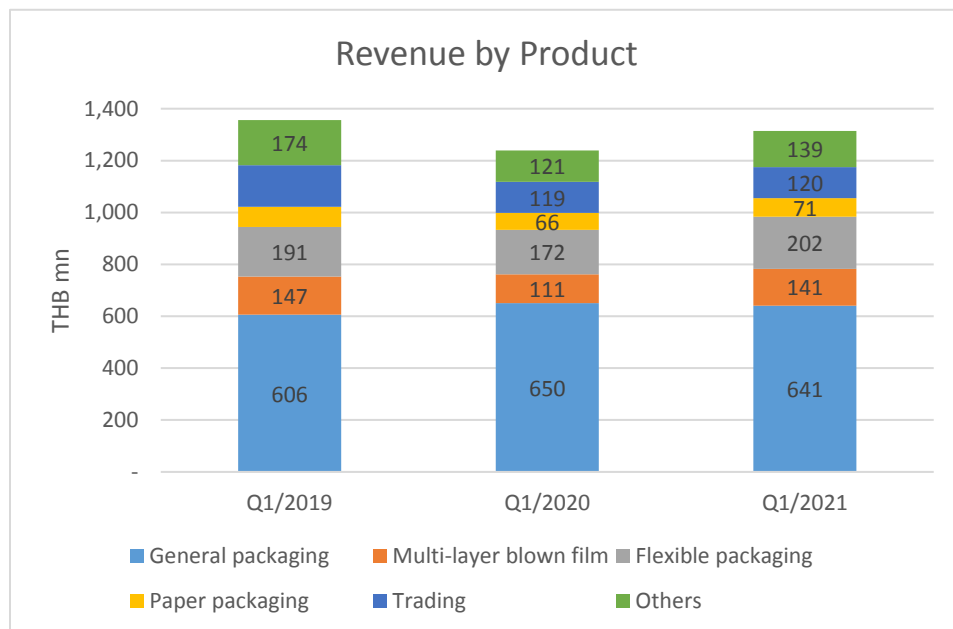
Summary of sales performance of the Company in 1Q21. The sales of fruit & vegetable bag, reusable bags, multilayer blown film and flexible packaging were increased. However, vest carriers/ t-shirt bags and garbage bags were decreased, driven by a significantly decrease in sales of single used plastic bags which is in line with global environmental trend and demand normalization. The sales of vest carriers/ t-shirt decreased by THB 10.90 million or 12.20% from THB 89.37 million in first quarter last year to THB 78.47 million this quarter. Thus, vest carriers/ t-shirt could contribute 5.97% of total sales revenue, declined from 12.20% in 1Q20.

The sales of garbage bags decreased by THB 58.08 million or 14.63% from THB 396.99 million to THB 338.91 million compared to the same period last year. The proportion of garbage bags was 25.79% of total sales revenue, rose from 32.05% in 1Q20. The sales of fruit & vegetable bag were THB 71.42 million, increased by THB 25.37 million or 55.08% from the same period last year.



In addition, the Company has a increase in its sales of multi-layer blown films from THB 110.88 million in 1Q20 to THB 141.21 million, counting for 27.36% YoY. Its revenue contribution was 10.75% increase from 8.95% of total sales revenue in 1Q20. For flexible packaging, sales have been increased by THB 29.86 million or 17.38% YOY compared to the same period last year to THB 201.73 million in 1Q20. The proportion of the flexible packaging of the total sale revenue was 15.35% in 1Q21 increased from 13.88% in 1Q20. Shipping container shortage impact to the delay of products delivery to foreign customers and also lead to the lower sales of some products. However, sales of reusable bags had increases from THB 75.78 million to THB 101.38 million in 1Q21, increase by THB 25.60 million or 33.78% YOY. While flat cut bags, the sales increased from THB 42.01 million to THB 50.88 million, an increase of THB 8.87 million or 4.89% YoY compared to the same period last year.

In addition, sales revenue from TPBI UK, TPBI Paper and TPBI Australia increased from THB 184.57 million to THB 190.81 million in 1Q21, increase by THB 6.24 million or 3.38% YOY.



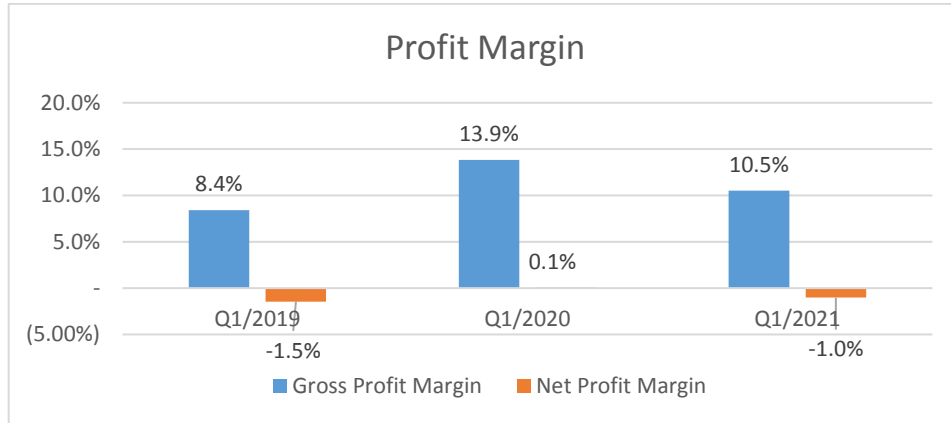


## Profit Margins

In 1Q21, the Company has less profit margin compare to the same period last year mainly due to following factors:

- Although, the Company continuously and regularly received more orders of reusable bags and fruit and vegetable bags from foreign customers, the shortage of shipping container to foreign customers impacted the revenue of the Company due to the delayed delivery of products.
- the fluctuation of Thai exchange rate which was stable during the beginning of the quarter and tended to depreciated against US-dollar, during the last month of the quarter. Such depreciation creates negative effect to forward contracts that the Company previously entered into, and the Company has to record loss from mark to market value of such forward contract due to the application of International Financial Reporting Standard (IFRS-9).
- Coup situation in Myanmar is serious and effects to delivery of raw material and financial transactions in Myanmar.
- Price of raw material continually sharply increased since 4Q20. This effect to production cost of Consumables. However, the Company closely manage raw material usage in order to reduce loss from higher production cost that might be effected from such factor.

Therefore, these factors cause net loss for the Company in this quarter. However, , the increased sales of some products compared to the same period last year was a result from searching new customers and increase new products in portfolio of the Company; for example, reusable bags which was manufactured from recycled resins and complied with international standard and its sales were continually growth. However, the Company views that this is in line with business transformation policy. Further, the Company has a confident that we are on the right direction. For TPBI UK, TPBI Paper and TPBI Australia, the Company realize sales revenue in this quarter, total amount of THB 190.81 million



The 1Q21 net profit (loss) was THB (13.62) million decreased from net profit (loss) of THB 0.92 million in 1Q20. In term of net profit (loss) margin, it has decreased to be (1.03)% compare to the same period last year which is 0.07%. Nonetheless, the Company has always been focusing on a potential mitigation for those effect from above factors and will continue to focus on research and development of new products to support the company's performance.

#### Cost and Expenses

Cost of Sales of 1Q21 was THB 1,175.66 million, increasing from a year earlier THB 108.55 million or 10.17%. Cost of sales is 89.48% of sales revenue increased from 86.15% from the same quarter last year as a result of higher prices of raw materials and fluctuation of foreign exchange.

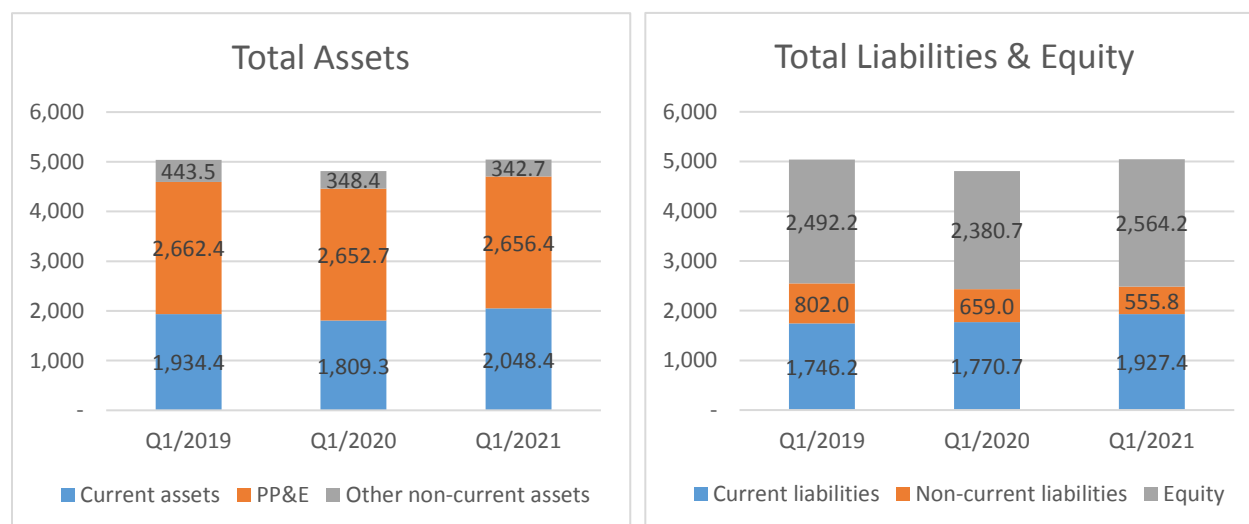
SG&A in 1Q21 has decreased from the same period in the year earlier from THB 138.60 million to THB 136.55 million by THB 2.05 million or 1.48%. SG&A in 1Q21 was 10.34% of total revenue, decreased from the same period last year which was 11.16%.

EBITDA decreased by THB 12.18 million or by 13.34% YoY from THB 91.33 million to THB 79.14 million as a result of an decrease in gross profit margin as mentioned above.



<i>In THB mm</i>	1Q21	1Q20	YoY	
			THB mm	%
Revenue	1,320.03	1,242.47	77.63	6.25%
Cost of Sales	1,175.66	1,067.11	108.55	10.17%
Other income	6.09	3.78	2.30	60.88%
SG&A	136.55	138.60	(2.05)	(1.48%)
EBITDA	79.14	91.33	(12.18)	(13.34%)
NPAT	(13.62)	0.92	(14.53)	n.a.
EPS ( <i>THB</i> )	0.030	0.008	(0.038)	n.a.

Assets



Total assets of the Company as of 1Q21 was THB 5,047.47 million increased by THB 237.08 million or 4.39% from 1Q20 . The Company had total current assets of THB 2,048.40 million increased by THB 239.14 million or 13.22%, composed of an increase in trade and other receivable of THB 45.73 million or 5.52% and inventories of THB 184.49 million or 18.33%. In addition, the Company has a increased in cash and cash equivalent of THB 44.89 million. On the other hand, the Company had an decrease in non-current assets of THB 45.58 million or 1.45% mainly came from an increase in inventories of the Company by THB 184.49 million or 18.33%.

Liabilities and Shareholders' Equity

As of 1Q21, total liabilities of the Company were THB 2,483.24 million, increased by THB 50.56 million or 2.04% from 1Q20 due to the increase in short-term borrowing composed of promissory note, trustee payable, and packing creditor from financial institution of THB 262.36 million or 27.41% and trade payable and other payable by THB 12.86 million and derivatives debt increased by THB 2.11 million respectively.

Shareholders' equity as of 1Q21 amounts to THB 2,564.24 million increased by THB 183.53 million, due to an increase of retained earnings by THB 185.59 million, other factors of shareholders' equity decrease THB 2.06 million.



### Cash flow

Cash flow received from operation in 1Q21 was THB 49.60 million, decreased from cash flow received from operation in 1Q20 which was THB 106.10 million.

Cash flow used in investing activities was recorded at THB (18.59) million, which THB (20.09) million was spent on PP&E to enhance its capacity and productivity.

The reported cash flow used in financing activities was THB 51.95 million, resulted from an increase in short-term borrowing from financial institution by THB 125.26 million and repayment of long-term borrowing from financial institution amounting to THB 56.57 million.

To conclude, the net ending cash for the Company as of 1Q21 was THB 178.54 million decreased from THB 133.65 million from the end of 2020.

### Key Financial Ratios

	1Q21	1Q20
Gross Profit Margin (%)	10.52%	13.85%
Net Profit Margin (%)	(1.03)%	0.07%
Current Ratio (x)	1.06x	1.02x
Quick Ratio (x)	0.54x	0.56x
D/E Ratio (x)	0.97x	1.02x
EPS (THB/SHARE)	(0.030)	0.008
BVPS (THB/SHARE)	6.15	5.71