



Tipco 012/2021

**Management Discussion and Analysis Tipco Foods Public Company Limited****For the Three-month and Six-month Period ended June 30, 2021****1. Consolidated statement of comprehensive income ended June 30, 2021**

Unit : Thousand Baht

Statement of comprehensive income	Consolidated financial statements		Changes		Consolidated financial statements		Changes	
	Q2 2021	Q2 2020	Increase (Decrease)	%	For the six-month 2021	For the six-month 2020	Increase (Decrease)	%
Sales	573,611	629,534	(55,923)	(9%)	1,124,227	1,394,651	(270,424)	(19%)
Other income	19,043	18,656	387	2%	46,343	47,703	(1,360)	(3%)
<b>Total revenues</b>	<b>592,654</b>	<b>648,190</b>	<b>(55,536)</b>	<b>(9%)</b>	<b>1,170,570</b>	<b>1,442,354</b>	<b>(271,784)</b>	<b>(19%)</b>
Total expenses	624,259	729,562	(105,303)	(14%)	1,263,142	1,617,541	(354,399)	(22%)
<b>Loss before share of profit (loss) from investment in associate, finance cost and income tax expenses</b>	<b>(31,605)</b>	<b>(81,372)</b>	<b>49,767</b>	<b>61%</b>	<b>(92,572)</b>	<b>(175,187)</b>	<b>82,615</b>	<b>47%</b>
Share of profit (loss) from investment in associate	203,286	402,392	(199,106)	(49%)	302,230	213,895	88,335	41%
<b>Profit (loss) before finance cost and income tax expenses</b>	<b>171,681</b>	<b>321,020</b>	<b>(149,339)</b>	<b>(47%)</b>	<b>209,658</b>	<b>38,708</b>	<b>170,950</b>	<b>442%</b>
Finance Income	4	4	-	0%	6	31	170,950	442%
Finance cost	(9,647)	(13,049)	(3,402)	(26%)	(19,981)	(28,456)	(8,475)	(30%)
<b>Profit (loss) before income tax expenses</b>	<b>162,038</b>	<b>307,975</b>	<b>(145,937)</b>	<b>(47%)</b>	<b>189,683</b>	<b>10,283</b>	<b>179,400</b>	<b>1,745%</b>
Income tax benefit (expenses)	3,814	9,778	(5,964)	(139%)	17,497	13,000	4,497	35%
<b>Profit (loss) for the period</b>	<b>165,852</b>	<b>317,753</b>	<b>(151,901)</b>	<b>(48%)</b>	<b>207,180</b>	<b>23,283</b>	<b>183,897</b>	<b>790%</b>

**1.1 Sales and service income**

Unit : Million Baht

Consolidated financial statements	Product of vegetable and fruit		Changes		Beverage		Changes		Other		Changes		Consolidated financial statements		Changes	
	Q2 2021	Q2 2020	Increase (Decrease)	%	Q2 2021	Q2 2020	Increase (Decrease)	%	Q2 2021	Q2 2020	Increase (Decrease)	%	Q2 2021	Q2 2020	Increase (Decrease)	%
Sales	195	237	(42)	(18%)	375	386	(11)	(3%)	4	7	(3)	(43%)	574	630	(56)	(9%)

In the 2<sup>nd</sup> quarter of 2021, the Company and its subsidiaries reported Sales of Baht 574 million, decreased by 9% compared to the same period of last year. This was mainly due to Product of vegetable and fruit business, which saw an 18% drop in sales from the shortage of export containers from the coronavirus situation 2019 (COVID-19). Beverage business saw a 3% drop in sales, mainly due to a slowdown in domestic purchasing power affected by COVID-19.

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Consolidated financial statements	Product of vegetable and fruit		Changes		Beverage		Changes		Other		Changes		Consolidated financial		Changes	
	For the six-month 2021	For the six-month 2020	Increase (Decrease)	%	For the six-month 2021	For the six-month 2020	Increase (Decrease)	%	For the six-month 2021	For the six-month 2020	Increase (Decrease)	%	For the six-month 2021	For the six-month 2020	Increase (Decrease)	%
Sales	400	498	(98)	(20%)	718	886	(168)	(19%)	6	11	(5)	(45%)	1,124	1,395	(271)	(19%)

**For the six-month period**, the Company and its subsidiaries reported Sale and service income of Baht 1,124 million, decreased by 19% from the same period last year, this was mainly due to Product of vegetable and fruit business, which saw a 20% drop in sales. Beverage business saw a 19% drop in sales affected by COVID-19 both domestically and internationally.

## 1.2 Operating Expense

Unit : Thousand Baht

Expenses	Consolidated financial statements		Changes		Consolidated financial statements		Changes	
	Q2 2021	Q2 2020	Increase (Decrease)	%	For the six-month 2021	For the six-month 2020	Increase (Decrease)	%
Cost of sales	443,220	548,421	(105,201)	(19%)	886,771	1,175,450	(288,679)	(25%)
Selling and distribution expenses	81,742	69,156	12,586	18%	164,947	160,150	4,797	3%
Administrative expenses	95,634	109,035	(13,401)	(12%)	198,812	247,636	(48,824)	(20%)
Loss on exchange	3,663	2,950	713	24%	12,612	34,305	(21,693)	(63%)
<b>Total expenses</b>	<b>624,259</b>	<b>729,562</b>	<b>(105,303)</b>	<b>(14%)</b>	<b>1,263,142</b>	<b>1,617,541</b>	<b>(354,399)</b>	<b>(22%)</b>

**In the 2<sup>nd</sup> quarter of 2021**, the Company and its subsidiaries reported total operating expense of Baht 624 million decreased by 14% compared to the same period of last year, which can be explained as follows

- Cost of sales decreased by 19%, in line with decreasing in sales volume.
- Selling and distribution expenses increased by 18% from marketing communications through various channels.
- A decreasing in administrative expenses by 12% from controlling expenses in accordance with a decrease in sales income.
- Loss on exchange of Baht 4 million.

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For the six-month, the Company and its subsidiaries reported total Operating Expense of Baht 1,263 million decreased by 22% compared to the same period last year, mainly due to the following reasons

- Cost of sales decreased by 25% from controlling cost of goods sold.
- Selling and distribution expenses increased by 3%
- A decreasing in administrative expenses by 20% from controlling expenses in accordance with a decrease in sales income.
- Loss on exchange of Baht 13 million.

### 1.3 Share of profit from investment in associate

In the 2<sup>nd</sup> quarter of 2021, the Company reported share of profit from investment in associate of Baht 203 million decreased by 49% compare to the same period of last year.

For the six-month, the Company and its subsidiaries reported share of profit from investment in associate of Baht 302 million increased by 41% compare to the same period of last year.

In January 2019, the United States announced and imposed sanction on a Venezuelan oil company that has been the key source of crude oil that the associate used as a raw material for the production of about half of all asphalt product volume sold each year. The associate approached two law firms to seek advice on the implication of this sanction in respect of its crude oil purchases and payments. Both law firms opined that the transactions were not in violation of any applicable laws related to the sanction. The associate therefore continued to operate business as usual.

In September 2020, the US State Department requested the associate to wind down crude oil procurement from Venezuela. In order to avoid a potential US sanction, the associate complied with the request and informed the US State Department in writing that the associate would ceased purchasing crude oil from this source, effective by the end of November 2020.

The associate has already ceased its purchasing crude oil from this source since the end of November 2020. The associate notified the Stock Exchange of Thailand of these facts on 11 September 2020, 15 September 2020 and 23 November 2020, together with the associate's plans to mitigate the risk arising from the disruption of its normal source of crude supply by considering plans to procure non-Venezuelan crude oil from other sources or to procure asphalt from other sources.

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1.4 Finance cost

In the 2<sup>nd</sup> quarter of 2021, the Company and its subsidiaries reported Finance cost of Baht 10 million decreased from the previous year by 26% compare to the same period of last year.

For the six-month, the Company and its subsidiaries reported Finance cost of Baht 20 million fd from the previous year by 30% compare to the same period of last year.

2. Consolidated statement of financial position as at 30 June 2021

Unit : Thousand Baht

Statement of financial position	Consolidated financial statements		Changes	
	30-Jun-21	31-Dec-20	Increase (Decrease)	%
<b>Assets</b>				
Current assets	1,026,183	980,510	45,673	5%
Non-current assets	5,288,277	5,506,749	(218,472)	(4%)
<b>Total assets</b>	<b>6,314,460</b>	<b>6,487,259</b>	<b>(172,799)</b>	<b>(3%)</b>
<b>Liabilities and shareholders' equity</b>				
<b>Liabilities</b>				
Current liabilities	1,585,326	1,601,400	(16,074)	(1%)
Non-current liabilities	513,520	666,359	(152,839)	(23%)
<b>Total liabilities</b>	<b>2,098,846</b>	<b>2,267,759</b>	<b>(168,913)</b>	<b>(7%)</b>
<b>Shareholders' equity</b>				
<b>Total shareholders' equity</b>	<b>4,215,614</b>	<b>4,219,500</b>	<b>(3,886)</b>	<b>(0%)</b>
<b>Total liabilities and shareholders' equity</b>	<b>6,314,460</b>	<b>6,487,259</b>	<b>(172,799)</b>	<b>(3%)</b>

2.1 Assets

As of June 30, 2021, the Company and its subsidiaries had total assets of Baht 6,314 million, a decrease of 3% from the end of 2020. Current assets increased by Baht 46 million or 5% mainly due to the increase in Inventories. While non-current assets decreased by Baht 218 million or 4% due to the decrease in Investment in associate and Property, plant and equipment.

2.2 Liabilities

As of June 30, 2021, the Company and its subsidiaries had total liabilities of Baht 2,099 million, a decrease of 7% from the end of 2020, with the main changes from current liabilities decreased by Baht 16 million or 1% due to the decrease in short-term loan. Non-current liabilities decreased by Baht 153 million or 23% due to a decrease in long-term loan.

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## 2.3 Shareholders' equity

As of June 30, 2021, Total Shareholders' Equity of the Company and its subsidiaries was Baht 4,216 million decreased by 0.5% from the end of 2020, mainly due to a decrease in unappropriated retained earnings.

## 3. Consolidated cash flow statement for the 6-month period ended June 30, 2021

Unit : Thousand Baht

Cash flow statement	Consolidated 30-Jun-21
<b>Cash flows from operating activities</b>	
Net cash flows from operating activities	153,717
<b>Cash flows from investing activities</b>	
Net cash flows from investing activities	444,094
<b>Cash flows from financing activities</b>	
Net cash flows used in financing activities	(592,278)
<b>Net increase in cash and cash equivalents</b>	<b>5,533</b>
Cash and cash equivalents at beginning of period	55,544
<b>Cash and cash equivalents at end of period</b>	<b>61,077</b>

As of June 30, 2021, the Company and subsidiaries had an increase in net cash and cash equivalents Baht 6 million, with the company and its subsidiaries had net cash flow from operating activities of Baht 154 million. Net cash flow from investing activities was Baht 444 million, mainly from dividend received from associate. Net cash flow used in financing activities of Baht 592 million from repayment of short-term loan and long-term loans from financial institutions and dividend paid.

## 4. Financial Ratio from consolidated financial statement for the ended June 30, 2021

Profitability ratios	Consolidated financial statements		Changes
	For the six-month	For the six-month	
	2021	2020	
Gross Profit Margin	21%	16%	5%
EBITDA Margin	36%	16%	20%
Net Profit Margin	18%	2%	16%
Return on Equity	5%	1%	4%
<b>The Capacity to pay and liquidity ratios</b>	<b>30-Jun-21</b>	<b>31-Dec-20</b>	<b>Changes</b>
Debt to equity ratio (Times)	0.50	0.54	(0.04)
Liquidity ratio (Times)	0.65	0.61	0.04

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