



011/2564

12th Nov 2021

Subject : Management Discussion & Analysis of Performance Results of the Third Quarter 2021

To : Board of Directors and President of The Stock Exchange of Thailand

Fortune Parts Industry Public Company Limited Discussion and Analysis provides an overview of the company's financial activities for the fiscal quarter ended 30 September 2021 based on audited financial statement as below.

Profit (Loss) Statement For The Nine-Month Period Ended 30 September 2021

(Unit in Million Baht)	Consolidated F/S				Separated F/S			
	9 Month 21	9 Month 20	Variance	Percentage	9 Month 21	9 Month 20	Variance	Percentage
Sales & Service Revenue	1,493.6	1,292.7	200.9	15.5%	1,463.9	1,276.2	187.7	14.7%
Other Revenue	18.1	24.1	(6.0)	-24.9%	20.8	24.4	(3.6)	-14.6%
Gain from Foreign Currency Exchange and Fair Value Adjustment of Financial Derivatives	40.9	37.9	3.0	8.0%	23.9	37.8	(13.9)	-36.8%
Total Revenue	1,552.6	1,354.7	197.9	14.6%	1,508.6	1,338.4	170.3	12.7%
Cost of Goods Sold & Service	1,106.2	1,067.2	39.0	3.7%	1,076.6	1,048.6	28.0	2.7%
<i>% of Total Revenue</i>	<i>71.3%</i>	<i>78.8%</i>	<i>-7.5%</i>		<i>71.4%</i>	<i>78.4%</i>	<i>-7.0%</i>	
Selling, Distribution, & Admin Expenses	195.7	123.2	72.5	58.9%	179.9	110.8	69.1	62.4%
Allowance for doubtful accounts (reversal)	(6.0)	9.3	(15.3)	-164.4%	(5.8)	9.0	(14.8)	-164.7%
Allowance for Inventory Devaluation (Reversal)	(11.7)	7.0	(18.7)	-268.9%	(11.9)	7.0	(18.8)	-270.8%
Loss from Foreign Currency Exchange and Fair Value Adjustment of Financial Derivatives	35.6	100.0	(64.4)	-64.4%	35.6	100.0	(64.4)	-64.4%
SG&A Expenses	213.6	239.5	(25.9)	-10.8%	197.8	226.7	(28.8)	-12.7%
<i>% of Total Revenue</i>	<i>13.8%</i>	<i>17.7%</i>	<i>-3.9%</i>		<i>13.1%</i>	<i>16.9%</i>	<i>-3.8%</i>	
Financial Expenses	(12.1)	(47.3)	35.2	74.3%	(9.1)	(14.7)	5.7	38.4%
Earning before Tax (EBT)	220.6	0.7	219.9	31921.9%	225.1	48.3	176.8	365.6%
Benefits (Expenses) from Income Tax	(32.4)	(8.8)	(23.7)	269.2%	(32.6)	(3.0)	(29.6)	993.0%
Profit (Loss) for The Period	188.2	(8.1)	196.3	2424.3%	192.6	45.4	147.2	324.4%

Profit (Loss) Statement For The Three-Month Period Ended 30 September 2021

(Unit in Million Baht)	Consolidated F/S				Separated F/S			
	3 Month 21	3 Month 20	Variance	Percentage	3 Month 21	3 Month 20	Variance	Percentage
Sales & Service Revenue	528.2	429.4	98.8	23.0%	513.0	422.6	90.4	21.4%
Other Revenue	6.8	10.5	(3.7)	-35.5%	9.5	10.8	(1.3)	-11.9%
Gain from Foreign Currency Exchange and Fair								
Value Adjustment of Financial Derivatives	2.2	26.8	(24.6)	-91.8%	1.1	26.8	(25.7)	-96.1%
Total Revenue	537.2	466.7	70.4	15.1%	523.6	460.2	63.3	13.8%
Cost of Goods Sold & Service	356.3	357.8	(1.5)	-0.4%	346.3	350.7	(4.4)	-1.2%
% of Total Revenue	66.3%	76.7%	-10.3%		66.1%	76.2%	-10.0%	
Selling, Distribution, & Admin Expenses	85.3	40.2	45.0	112.0%	79.2	36.1	43.1	119.6%
Allowance for doubtful accounts (reversal)	(8.3)	3.2	(11.5)	-356.8%	(8.1)	3.4	(11.5)	-341.7%
Allowance for Inventory Devaluation (Reversal)	1.6	4.4	(2.8)	-63.0%	1.5	4.4	(2.9)	-66.0%
Loss from Foreign Currency Exchange and Fair								
Value Adjustment of Financial Derivatives	9.3	17.9	(8.6)	-48.2%	9.3	17.9	(8.6)	-48.2%
SG&A Expenses	87.9	65.7	22.1	33.7%	81.8	61.7	20.1	32.6%
% of Total Revenue	16.4%	14.1%	2.3%		15.6%	13.4%	2.2%	
Financial Expenses	(3.9)	(7.5)	3.6	48.1%	(1.9)	(4.5)	2.6	57.6%
Earning before Tax (EBT)	89.1	35.7	53.4	149.7%	93.5	43.4	50.1	115.5%
Benefits (Expenses) from Income Tax	(19.3)	(6.7)	(12.7)	190.1%	(19.4)	(6.7)	(12.7)	190.7%
Profit (Loss) for The Period	69.8	29.0	40.8	140.5%	74.2	36.7	37.4	101.9%

In Q3 2021 and Q3 2020, total revenue is 537.2M and 466.7M respectively, an increase of 70.4M or 15.1%.

Total Revenue

In Q3 2021 and Q3 2020, total revenue is 537.2M and 466.7M respectively, an increase of 70.4M or 15.1%. Revenue from sales and services accounted for 528.2M, an increase of 98.8M or 23.0%

The main drivers for revenue increase are related to growth in export sales with South America zone leading the way (from 50.5M to 76.4M or 25.9M increase) due to favorable freight contract signed in April 2021 for \$5,600 per container until end of 2021 (current freight cost per container is now more than \$14,000) and continue economy recovery from COVID-19 worldwide. The export sales for the other 4 major zones; Asia & Middle East, Australia, Africa, and Europe increased by 7.3M, 5.7M, 5.7M, and 3.0M respectively.

In Q3 2021 and Q3 2020, total cost of goods sold and service is 66.3% and 76.7% respectively, an improvement of 10.4%

Cost of Goods Sold and Service

In Q3 2021 and Q3 2020, total cost of goods sold and service is 356.3M and 357.8M respectively, a decrease of 1.5M or 0.4%. As a percentage of total revenue, the cost of goods sold and service is 66.3%, an improvement of 10.4%

The main improvement drivers are related to multiple factors. First, the company successfully negotiated 5-10% selling price increase with customers due to worldwide rising in commodity cost. Second, the company was able to procure the material (especially plastic, chemical, and painting materials) and some trading goods as well as lock down the price for 6-12 months in advance in April 2021 and therefore avoid the rise in material cost for the majority of 2021. Lastly, the company also experienced productivity improvement and reduction in cost of poor in operations.

In Q3 2021 and Q3 2020, total SG&A expenses is 87.9M and 65.7M respectively, an increase of 22.2M.

Selling, General, and Administrative (SG&A) Expenses

In Q3 2021 and Q3 2020, total SG&A expenses is 87.9M and 65.7M respectively, an increase of 22.2M. As a percentage of total revenue, the SG&A expenses is 16.4%, an increase of 2.3%.

The main driver is an increase in accrual of sea freight cost

In Q3 2021 the company posted a net profit of 69.8M, an increase of 40.8M vs a net profit of 29.0M in Q3 2020 or an increase of 140.5%.

Net Profit

In Q3 2021 the company posted a net profit of 69.8M, an increase of 40.8M vs a net profit of 29.0M in Q3 2020 or an increase of 140.5%

Major drivers for significant improvement are the increase in sales and therefore, gross margin. Company also experienced successful selling price increase, advance material procurement at favorable price, improvement in operation productivity, and decrease in cost of poor as stated above.

Financial Position (in comparison to as of 31 December 2020)

Overall financial position of the Company as of 30 September 2021, compared to the statement of financial position as of 31 December 2020, the balance of total assets which were 2,960.8M and 2,882.6M, respectively, an increase of 78.2M due to the following reasons;

As of 30 September 2021, total assets were 2,960.8M, an increase of 78.2M from the balance as of 31 December 2020 at 2,882.6M.

Total liabilities increased by 8.5M from 1,282.2M million as of 31 December 2020 to 1,290.7M as of 30 September 2021.

Total Assets

As of 30 September 2021, total assets were 2,960.8M, an increase of 105M from the balance as of 31 December 2020 at 2,882.6M.

Major drivers for increase are increase in trade account receivable related to growth in export sales and increase in inventory to support future sales offset by cash decreased driven by payments made to payoff FPI India's long-term loan with high interest rate of approximately 10% by the cash from selling the investment in Safe Energy Holdings.

Total Liabilities

Total liabilities increased by 8.5M from 1,282.2M million as of 31 December 2020 to 1,290.7M as of 30 September 2021.

Increase in short term liabilities is related to unfavorable position on foreign exchange forward contract offset by decrease in long-term liabilities majorly driven by payments made to payoff FPI India's long-term loan.

Shareholders' Equity

As of 31 September 2021, total shareholders' equity was 1,670.1M, an increase of 69.7M from 1,600.4M as of 31 December 2020. This is entirely due to 188.2M profit from 2021 operations offset by 118.5M dividend paid.

Status Update for Subsidiary in India

For subsidiary in India, the nine months revenue is below the forecast due to COVID-19 pandemics. However, the new Maruti Suzuki's project YNC is finally start production in November after experiencing delay since April 2020. There are four more projects (Y1K, YFG, YTA, and YXA) to be launched by the beginning of 2022. Annual revenue is estimated to be approximately 300 – 400M INR after all five projects are launched

Please be informed accordingly.

Yours sincerely,

Mr. Sompol Tanadumrongsak
Managing Director