



**Thai President Foods Public Company Limited**

**Management Discussion and Analysis**

**For the three-month and nine-month periods ended 30 September 2021**

**1. Performance Results**

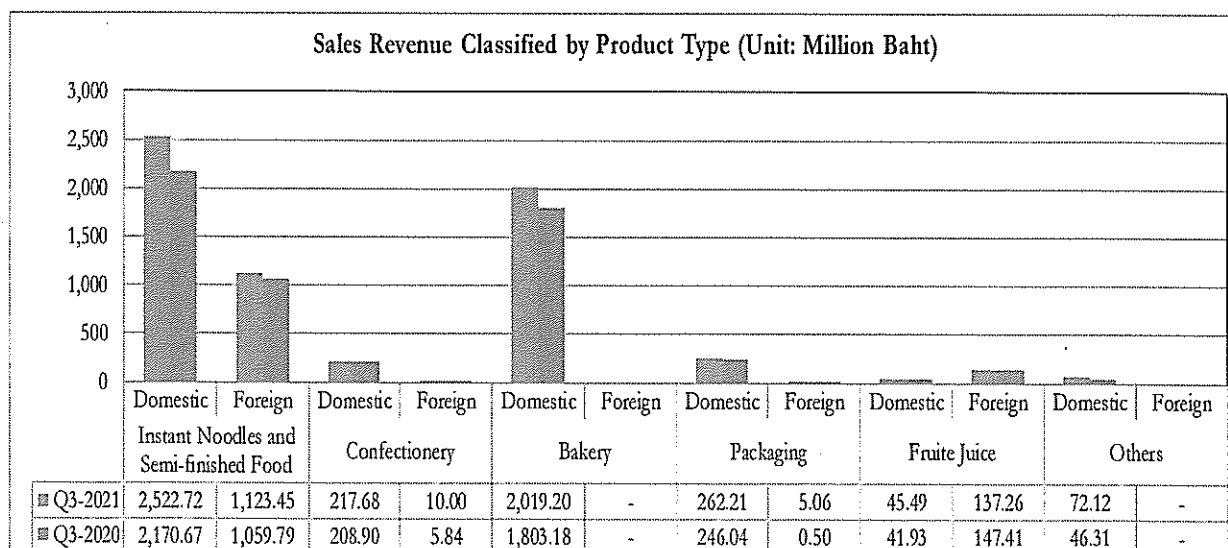
For the operating result of third Quarter ended September 30, 2021 and nine-month period ended September 30, 2021 with the Statement of Comprehensive Income presented as below.

Unit: Million Baht

	The three-month period ended 30 September			The nine-month period ended 30 September		
	2021	2020	Change (%)	2021	2020	Change (%)
Sales	6,415.19	5,730.57	11.95	17,972.54	17,827.58	0.81
Cost of sales	4,136.89	3,600.93	14.88	11,735.15	11,181.77	4.95
Gross profit	2,278.30	2,129.64	6.98	6,237.39	6,645.81	(6.15)
Gross profit margin	35.51%	37.16%	(1.65)	34.71%	37.28%	(2.57)
Selling and administrative expenses	997.87	896.01	11.37	2,878.81	2,717.88	5.92
Profit from operating activities	1,363.32	1,326.00	2.81	3,655.28	4,170.62	(12.36)
Non-controlling interests of the subsidiaries	336.07	284.03	18.32	860.31	893.50	(3.71)
Profit on equity holders of the Company	984.33	987.68	(0.34)	2,707.31	3,135.13	(13.65)

**1.1 Sales**

The company recorded the total sales of Baht 6,415.19 million and Baht 5,730.57 million in Q3/2021 and Q3/2020 respectively or increasing by 11.95%. Additionally, the total sales in the nine-month of 2021 stood at Baht 17,972.54 million, increasing by Baht 144.96 million or 0.81% from the same period last year.





When classified by products and regions in Q3/2021 compared to Q3/2020, the domestic sales and foreign sales of Instant Noodles food increased by 16.22% and 6.01% respectively because of the impact of the Covid-19 which surged the panic-buying. While as the fruit juice sales which decreased by 3.48%. The bakery sales increased by 11.98% because of the impact of the Covid-19.

### **1.2 Cost of Sales**

The cost of sales of the Company amounted to Baht 4,136.89 million in Q3/2021, increasing by Baht 535.96 million or 14.88% from the previous year, and the cost of sales in the nine-month of 2021 stood at Baht 11,735.15 million, increasing by Baht 553.38 million or 4.95% from the same period last year, mainly due to higher raw material and packaging cost in accordance with sales volume jumped. Thus, the cost of sales to total sales revenues ratio was at 64.49%, 65.29% in Q3/2021, the nine-month of 2021 respectively, higher than that in the previous year which stood at 62.84%, 62.72% resulted from the higher price of raw materials.

### **1.3 Selling and Administrative Expenses**

The selling and administrative expenses in Q3/2021 totaled to Baht 997.87 million, increasing by Baht 101.86 million or 11.37% from a year earlier, resulted from the increasing in exporting expense. However the selling and administrative expenses to the total revenues' ratio was at 15.55%, 15.64% in Q3/2021, Q3/2020 respectively.

### **1.4 Net Profit**

The Company recorded net profit of Baht 984.33 million in Q3/2021, decreasing by Baht 3.35 million or 0.34% from the previous year. The profit margin of the company stood at 14.81% of sales revenue, lower than Q3/2020 which stood at 16.56%, , resulted from the increase in cost of sales. However The Company gained net profit of Baht 2,707.31 million in the nine-month of 2021, decreasing by Baht 427.82 million or 13.65% from the previous year.

## **2. Financial Position**

For statement of financial as at September 30, 2021, changes as compared to December 31, 2020 are as followed:



## 2.1 Assets

	Unit: Million Baht			
	Total assets			
	30 September 2021	31 December 2020	Change	(%)
Cash and cash equivalents	5,554.70	3,695.42	1,859.29	50.31
Trade and other receivables	3,469.12	3,237.73	231.39	7.15
Inventories	1,832.33	1,420.94	411.39	28.95
Other current financial assets	6,585.65	7,766.74	(1,181.09)	(15.21)
Other current assets	105.27	104.36	0.91	0.87
<b>Total current assets</b>	<b>17,547.07</b>	<b>16,225.19</b>	<b>1,321.88</b>	<b>8.15</b>
Loan and Investment in associates, joint venture	3,462.36	3,056.45	405.91	13.28
Other non-current financial assets	9,744.90	8,460.70	1,284.20	15.18
Investment properties	406.40	406.40	-	-
Property, plant and equipment	8,726.37	9,051.89	(325.52)	(3.60)
Other non-current assets	188.41	215.94	(27.53)	(12.75)
<b>Total non-current assets</b>	<b>22,528.44</b>	<b>21,191.38</b>	<b>1,337.06</b>	<b>6.31</b>
<b>Total assets</b>	<b>40,075.51</b>	<b>37,416.57</b>	<b>2,658.94</b>	<b>7.11</b>

The total assets of the Company as of September 30, 2021 amounted to Baht 40,075.51 million, increasing by Baht 2,658.94 million or 7.11% from the end of last year. The structure of assets of the Company consisted of the fixed assets of Baht 22,528.44 million, accounting for 56.21% of total assets, and the current assets of Baht 17,547.07 million, accounting for 43.79% of total assets. Our asset mainly increased from the Cash and Cash equivalents, while its inventory was the finish goods on hand to be sent to customers.

## 2.2 Liabilities

	Unit: Million Baht			
	Total liabilities and shareholders' equity			
	30 September 2021	31 December 2020	Change	(%)
Trade and other payables	2,099.59	1,781.04	318.55	17.89
Current portion of long-term lease liabilities	35.44	36.63	(1.19)	(3.25)
Other current liabilities	1,762.16	1,120.58	641.58	57.25
Other non-current liabilities	1,088.92	1,086.87	2.05	0.19
<b>Total liabilities</b>	<b>4,986.11</b>	<b>4,025.12</b>	<b>960.99</b>	<b>23.87</b>
Total shareholders' equity	35,089.40	33,391.45	1,697.95	5.08

Total liability if the Company stood at Baht 4,986.11 million as of September 30, 2021, increasing by Baht 960.99 million from the end of last year. Our liability increased mainly from the Baht 718.75 million accrued dividend. Most of liability of the company was



current liability, while the long-term liability was accounted for 21.84% of total liability. Additionally, debt to equity ratio of the Company was at 0.18.

### 2.3 Shareholders' Equity

The shareholders' equity of the Company as of September 30, 2021 amounted to Baht 35,089.40 million, increasing by Baht 1,697.95 million or 4.84% from the end of 2020, resulting from the net profit of this quarter.

### 3. Liquidity Position

Cash flow statement for the period ended September 30, 2021, details as follow:

	Unit: Million Baht	
	January - September	
	2021	2020
Net cash flows from operating activities	3,521.65	4,035.95
Net cash flows used in investing activities	(954.37)	(1,768.61)
Net cash flows used in financing activities	(713.47)	(758.45)
Increase (decrease) in translation adjustments	5.47	22.49
Net increase (decrease) in cash and cash equivalents	1,859.28	1,531.38

The balance of operation activities cash inflow in Q3/2021 totaled to Baht 3,521.65 million. Meanwhile the cash outflow from investment and financing activities amounted to Baht 954.37 million and Baht 713.47 million respectively. The Company, as of September 30, 2021, recorded cash and cash equivalents item of Baht 5,554.70 million, increasing by Baht 1,859.28 million which resulted from the company has profit from operation, while the cash outflow was used in purchasing machineries for expanding the production line.

Please kindly be informed accordingly

Your sincerely,

(Mr. Wasan Boonsampankit)

Manager of Finance and Investment Department (CFO)

November 15, 2021