



# บริษัท น้ำมันพืชไทย จำกัด (มหาชน)

## THAI VEGETABLE OIL PUBLIC COMPANY LIMITED

TVO/CP/23/013

November 10, 2023

Subject : Report of the Management Discussion and Analysis for the third quarter of 2023

Attention : The President

The Stock Exchange of Thailand

Thai Vegetable Oil Public Company Limited (“Company”) would like to submit the financial statements as ended September 30, 2023, which have been reviewed by the auditor together with the management discussion and analysis as an information for investors and those who are interested.

### Operating Results

Operating results of the Company and its subsidiary for three-month and nine-month period ended September 30, 2023 and 2022 were as follows;

Unit: Million Baht	For three-month period, ended September 30				For nine-month period, ended September 30			
	2023	2022	Increase/(Decrease)		2023	2022	Increase/(Decrease)	
Sales	7,412	10,187	(2,775)	(27.24%)	25,735	28,818	(3,084)	(10.70%)
Sale of packing materials	103	107	(4)	(3.64%)	325	333	(8)	(2.46%)
<b>Total sales</b>	<b>7,515</b>	<b>10,294</b>	<b>(2,779)</b>	<b>(27.00%)</b>	<b>26,060</b>	<b>29,152</b>	<b>(3,092)</b>	<b>(10.61%)</b>
Cost of sales	7,121	9,352	(2,231)	(23.86%)	25,404	26,115	(711)	(2.72%)
<b>Gross profit</b>	<b>394</b>	<b>942</b>	<b>(548)</b>	<b>(58.17%)</b>	<b>656</b>	<b>3,037</b>	<b>(2,381)</b>	<b>(78.40%)</b>
Profit (loss) on exchange rate / derivatives	72	51	21	41.14%	128	371	(243)	(65.40%)
Other income	33	29	4	14.79%	97	103	(6)	(5.71%)
Selling expenses	126	163	(36)	(22.41%)	412	456	(44)	(9.60%)
Administrative expenses	51	82	(31)	(37.33%)	194	224	(29)	(13.06%)
Allowance for expected credit losses (Reversal)	(2)	(4)	2	53.98%	(8)	(6)	(2)	(43.08%)
Reduction cost of inventories to net realisable value (Reversal)	0	34	(34)	(99.62%)	(253)	(10)	(243)	(2,554.51%)

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Unit: Million Baht	For three-month period, ended September 30				For nine-month period, ended September 30			
	2023	2022	Increase/(Decrease)		2023	2022	Increase/(Decrease)	
Loss on impairment and write-off of plant, machinery and equipment	3	2	1	75.70%	5	75	(70)	(93.51%)
Financial cost	(5)	(1)	(4)	(267.68%)	(17)	(4)	(13)	(357.54%)
<b>Profit before income tax expenses</b>	<b>314</b>	<b>744</b>	<b>(430)</b>	<b>(57.78%)</b>	<b>514</b>	<b>2,768</b>	<b>(2,254)</b>	<b>(81.44%)</b>
Income tax expenses	(58)	(144)	86	59.55%	(92)	(534)	442	82.84%
<b>Net profit attributable to equity holders of the Company</b>	<b>250</b>	<b>593</b>	<b>(342)</b>	<b>(57.75%)</b>	<b>414</b>	<b>2,207</b>	<b>(1,794)</b>	<b>(81.25%)</b>
Non-controlling interests of the subsidiaries	5	7	(2)	(24.00%)	8	26	(18)	(68.73%)

In the third quarter of 2023, the Company and its subsidiary had a net profit Baht 250 million, decreased by Baht 342 million or decreased 57.75% from Baht 593 million when compared to the same quarter of 2022. The main reasons were;

#### 1. Sales Revenues

The Company and its subsidiary had total sales revenue of Baht 7,515 million, decreased by Baht 2,779 million or down by 27% from Baht 10,294 million when compared to the third quarter of the year 2022. The revenue from sales of products was Baht 7,412 million, decreased by Baht 2,775 million or down by 27.24% from Baht 10,187 million when compared to third quarter of 2022, and the revenue from sales of packaging materials was Baht 103 million, decreased by Baht 4 million or down by 3.64% from Baht 107 million when compared to the third quarter of 2022. The details were as follows;

- **Revenue from sales of soybean meal and other animal feed ingredients** decreased when compared to the third quarter of 2022, mainly due to the decline in selling prices which in line with the decrease in global soybean meal prices. The Company faced high price competition in domestic market in order to retain customer and maintain market competitiveness. Sales volume decreased when compared to the third quarter of 2022 due to market slowdown of customers producing for export that were affected by global economic recession. In addition, livestock numbers had decreased because the pork prices in the country were pressured by smuggling pork imported from overseas while the cost of raw materials for animal feed has increased. Lastly, sales volumes were also impacted from increased soybean meal imports during the quarter.

- **Revenue from sales of refined soybean oil** decreased when compared to the third quarter of 2022, mainly due to the decline in selling prices which in line with the lower prices of vegetable oils in the global and domestic market. Sales volume decreased when compared to the third quarter of 2022 as the economy has slowed down due to inflation and higher interest rates. As a result, purchasing power both domestic and global market has decreased. Moreover, due to the price competition in vegetable oils, consumption demand therefore emphasized in price factor and the consumer had switched to vegetable oil products that are cheaper. In addition, the price fluctuations caused customers not only reduced their advance purchasing but also decreased the quantity per purchase.
- **Revenue from sales of packaging materials** decreased when compared to the third quarter of 2022, mainly due to the decrease of overall sales volume of all groups of products.

## 2. Cost of Sales and Gross Profits

The Company and its subsidiary's cost of sales was Baht 7,121 million, decreased by Baht 2,231 million or down by 23.86% from Baht 9,352 million when compared to the third quarter of 2022. The gross profits of the Company and its subsidiary was Baht 394 million, decreased by Baht 548 million or down by 58.17% from Baht 942 million when compared to the third quarter of 2022. The main reasons were;

- **Cost of Sales and Gross Profits of the Company:** The cost of sales was lower when compared to the third quarter of 2022, mainly due to the decreased price of soybeans, the company's main raw material, which in line with soybean prices in the global market. Global soybeans price has decreased because of the highest record of soybeans production and exports from Brazil while last year production was impacted by drought in Brazil. However, the revenue from sales has decreased at a higher rate than the cost of sales. Therefore, the Company's gross profit decreased when compared to the third quarter of 2022
- **Cost of Sales and Gross Profits of the Company's subsidiary:** The cost of sales of the Company's subsidiaries decreased when compared to the third quarter of 2022, mainly due to decrease in cost of goods sold which in accordance with the decrease in sales revenue.

## 3. Gain (Loss) on Exchange Rate and Derivatives

The Company has managed to hedge foreign exchange risk and commodities price risk with a forward contract. The Company had gain on the foreign exchange rate and derivatives amounted to Baht 72 million increased by Baht 21 million or up by 41.14% from Baht 51 million when compared to the third quarter of 2022.

#### **4. Other income**

The Company and its subsidiaries had other income of Baht 33 million, increased by Baht 4 million or up by 14.79% from Baht 29 million when compared to the third quarter of 2022, mainly due to the increase from tax compensation income from product exports.

#### **5. Selling and Administrative Expenses**

The Company and its subsidiary's selling expenses was Baht 126 million, decreased by Baht 36 million or down by 22.41% from Baht 163 million when compared to the third quarter of 2022. This was mainly due to the decrease in export expenses

Administrative Expenses was Baht 51 million, decreased by Baht 31 million or down by 37.33% from Baht 82 million when compared to the third quarter of 2022, mainly due to salary, wages and employee benefits.

#### **6. Allowance for expected credit losses (Reversal)**

In the third quarter of 2023, the Company and its subsidiaries reversed the recognition of allowance for expected credit losses value of Baht 2 million.

#### **7. Loss on impairment and write-off of plant, machinery and equipment**

In the third quarter of 2023, the Company and its subsidiaries recorded loss on impairment and write-off of plant, machinery and equipment value of Baht 3 million because the Company plans to renovate some parts of its factories, resulting in the demolition of factory buildings, and the write-off of deteriorated machineries and equipment.

### Conclusion of the operational performance of nine-month period ended September 30, 2023

For the nine-month of 2023, the Company and its subsidiary had total sales revenue of Baht 26,060 million, decreased by Baht 3,092 million or down by 10.61% from Baht 29,152 million. Total cost of sales was Baht 25,404 million, decreased by Baht 711 million or down by 2.72% from Baht 26,115 million. Total gross profit was Baht 656 million, decreased by Baht 2,381 million or down by 78.40% from Baht 3,037 million. While the total selling expense was Baht 412 million, decreased by Baht 44 million or down by 9.60% from Baht 456 million. The total administrative expense was Baht 194 million, decreased by Baht 29 million or down by 13.06% from Baht 224 million. Overall, the Company and its subsidiary had a net profit of Baht 414 million, decreased by Baht 1,794 million or down by 81.25% from Baht 2,207 million when compared to the same period last year.

Please be informed accordingly.

Yours sincerely,

Miss Kanutsorn Bunditnate

Company Secretary

Authorized Signatory