



FPI 009/2566

14th Nov 2023

Subject : Management Discussion & Analysis of Performance Results of the Third Quarter and Year to Date 2023

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 third quarter and year to date ended 30 September 2023 based on audited financial statement as below.

Profit (Loss) Statement For The Nine-Month Period Ended 30 September 2023

(Unit in Million Baht)	Consolidated F/S				Separated F/S			
	9 Month 23	9 Month 22	Variance	Percentage	9 Month 23	9 Month 22	Variance	Percentage
Sales & Service Revenue	1,817.7	1,930.9	(113.2)	-5.9%	1,697.7	1,834.1	(136.3)	-7.4%
Other Revenue	24.4	30.3	(5.9)	-19.5%	24.4	29.2	(4.8)	-16.4%
Total Revenue	1,842.1	1,961.2	(119.1)	-6.1%	1,722.2	1,863.3	(141.1)	-7.6%
Cost of Goods Sold & Service	1,252.5	1,383.6	(131.1)	-9.5%	1,154.7	1,281.0	(126.3)	-9.9%
<i>% of Total Revenue</i>	68.0%	70.5%	-2.6%		67.1%	68.8%	-1.7%	
Selling, Distribution, & Admin Expenses	156.9	147.4	9.5	6.4%	135.9	133.0	2.9	2.2%
Gain on exchange-net	(41.2)	(64.4)	23.2	-36.0%	(40.1)	(62.8)	22.6	-36.0%
Loss arising from change in fair value of derivatives	71.3	54.8	16.5	30.2%	71.3	54.8	16.5	30.2%
Allowance for expected credit losses	20.6	11.5	9.1	78.8%	21.0	10.1	11.0	109.2%
Allowance for devaluation of inventories	13.3	11.4	1.9	16.7%	13.2	10.7	2.5	23.7%
SG&A Expenses	220.9	160.7	60.2	37.4%	201.3	145.8	55.6	38.1%
<i>% of Total Revenue</i>	12.0%	8.2%	3.8%		11.7%	7.8%	3.9%	
Financial Expenses	(24.8)	(13.0)	(11.8)	90.5%	(22.1)	(11.9)	(10.2)	85.5%
Earning before Tax (EBT)	344.0	403.9	(59.9)	-14.8%	343.9	424.6	(80.6)	-19.0%
Benefits (Expenses) from Income Tax	(71.6)	(80.4)	8.8	11.0%	(67.6)	(80.5)	12.9	16.0%
Profit (Loss) for The Period	272.4	323.5	(51.1)	-15.8%	276.3	344.1	(67.8)	-19.7%
<i>% of Total Revenue</i>	14.8%	16.5%	-1.7%		16.0%	18.5%	-2.4%	

For the nine-month period ended, the financial performance of the company when comparing to prior year are as below:

- 119.1M decrease in total revenue or -6.1%
- 2.6% improvement in cost of goods sold & service as a % of total revenue.
- 3.8% increase in SG&A expenses as a % of total revenue
- 51.1M decrease in net profit for the period or -15.8%

Profit (Loss) Statement For The Three-Month Period Ended 30 September 2023

(Unit in Million Baht)	Consolidated F/S				Separated F/S			
	3 Month 23	3 Month 22	Variance	Percentage	3 Month 23	3 Month 22	Variance	Percentage
Sales & Service Revenue	661.2	709.4	(48.2)	-6.8%	613.4	658.6	(45.3)	-6.9%
Other Revenue	10.2	12.1	(1.8)	-15.3%	10.2	11.0	(0.7)	-8.6%
Total Revenue	671.4	721.5	(50.0)	-6.9%	623.6	669.6	(46.0)	-6.9%
Cost of Goods Sold & Service	453.2	508.9	(55.8)	-11.0%	417.7	457.3	(39.6)	-8.7%
% of Total Revenue	67.5%	70.5%	-3.0%		67.0%	68.3%	-1.3%	
Selling, Distribution, & Admin Expenses	52.9	53.4	(0.6)	-1.1%	44.7	49.0	(4.3)	-8.8%
Gain on exchange-net	(8.6)	(10.3)	1.7	-16.4%	(6.9)	(11.2)	4.4	-38.0%
Loss arising from change in fair value of derivatives	6.4	9.3	(2.9)	-31.2%	6.4	9.3	(2.9)	-31.2%
Allowance for expected credit losses	11.7	7.0	4.7	67.0%	12.7	6.7	5.9	88.6%
Allowance for devaluation of inventories	5.5	3.8	1.7	44.9%	5.5	3.4	2.1	62.9%
SG&A Expenses	67.9	63.2	4.7	7.4%	62.4	57.2	5.2	9.1%
% of Total Revenue	10.1%	8.8%	1.3%		10.0%	8.5%	1.5%	
Financial Expenses	(9.4)	(5.7)	(3.8)	66.8%	(8.7)	(8.5)	(0.2)	2.1%
Earning before Tax (EBT)	140.9	143.6	(2.7)	-1.9%	134.8	146.6	(11.7)	-8.0%
Benefits (Expenses) from Income Tax	(28.0)	(27.1)	(0.9)	3.3%	(26.7)	(27.1)	0.5	1.7%
Profit (Loss) for The Period	112.9	116.5	(3.6)	-3.1%	108.2	119.5	(11.3)	-9.5%
% of Total Revenue	16.8%	16.2%	0.7%		17.3%	17.8%	-0.5%	

In Q3 2023 and Q3 2022, total revenue is 671.4M and 721.5M respectively, a decrease of 50M or -6.9%.

Total Revenue

In Q3 2023 and Q3 2022, total revenue is 671.4M and 721.5M respectively, a decrease of 50M or -6.9%. Revenue from sales and services accounted for 661.2M, a decrease of 48.2M or 6.8%

The main drivers for revenue decrease are related to market situation in Thailand, while export sales increased 3% with high growth in Africa, South America, and Europe.

FPI India subsidiary sales continued with projects from previous quarter and awarded for new project from Toyota India.

In Q3 2023 and Q3 2022, total cost of goods sold and service as a percentage of total revenue is 67.5% and 70.5% respectively, an improvement of 3.0%.

Cost of Goods Sold and Service

In Q3 2023 and Q3 2022, total cost of goods sold and service is 453.2M and 508.9M respectively, or 67.5% vs 70.5% of total revenue, an improvement of 55.8M or 3.0% of total revenue.

The main drivers for the cost decrease are related to better cost control in both Thailand and India.

In Q3 2023 and Q3 2022, total SG&A expenses is 67.9M and 63.2M respectively, a 4.7M increase.

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

In Q3 2023 and Q3 2022, total SG&A expenses is 67.9M and 63.2M respectively, an increase of 4.7M or 10.1% vs 8.8% of total revenue, an increase of 1.3%.

Major driver of the increase are related to additional allowance for account receivable and inventory.

In Q3 2023 the company posted a net profit of 112.9M vs a net profit of 116.5M in Q3 2022 decrease 3.6M. Profit margin of 16.8% vs 16.2% in Q3 2022, an increase of 0.7%.

Net Profit

In Q3 2023 the company posted a net profit of 112.9M vs a net profit of 116.5M in Q3 2022 decrease 3.6M. Profit margin of 16.8% vs 16.2% in Q3 2022 an increase of 0.7%.

Major drivers were weaker sales in domestic market, stronger export sales and better cost control in the quarter YoY.

Financial Position (in comparison to as of 31 December 2022)

Overall financial position of the Company as of 30 September 2023, compared to the statement of financial position as of 31 December 2022, the balance of total assets which were 3,884M and 3,719M respectively, an increase of 165M, due to the following reasons.

As of 30 September 2023, total assets were 3,884M, an increase of 165M from the balance as of 31 December 2022 at 3,719M.

Total Assets

As of 30 September 2023, total assets were 3,884M, an increase of 165M from the balance as of 31 December 2022 at 3,719M.

Major drivers are driven by increase in account receivable as customers in some countries are with longer credit term and increase in Property plant and equipment.

Total liabilities increased by 102M from 1,600M million as of 31 December 2022 to 1,702M as of 30 September 2023.

Total Liabilities

Total liabilities increased by 102M from 1,600M million as of 31 December 2022 to 1,702M as of 30 September 2023.

An increase in short term liabilities is driven by financing of trade receivables as well as the need for additional cash reserve for working capital. An increase in long-term liability is driven by financing of plant and machinery.

Shareholders' Equity

As of 30 September 2023, total shareholders' equity was 2,182M, an increase of 63M from 2,119M as of 31 December 2022. The increase is driven by the net incremental profit from 2023 operations after paying off dividend.

Status Update for Subsidiary in India

For subsidiary in India, Q3 2023 revenue is INR 113M same level as prior year. Year to date revenue is INR 288M against INR 221M in the prior year with the main increase from Maruti Suzuki OEM business. With the weaken INR, FX loss for the period was INR 1.7M. Net Profit continued in Q3 at INR 4.9M. Annual revenue is estimated to be approximately 400 – 500M INR. The subsidiary is set with strong growth in 2024 with projects from Toyota India.

Please be informed accordingly.

Yours sincerely,

Mr. Sompol Tanadumrongsak
Managing Director