



บริษัท เอบิโก้ โฮลดิ้งส์ จำกัด (มหาชน)

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Management Discussion and Analysis (MD&A) ABICO HOLDINGS ABICO HOLDINGS PUBLIC COMPANY LIMITED

FOR THE YEAR 2019

1. STATEMENTS OF COMPREHENSIVE INCOME

1.1 Revenues from sales and services

(Unit: Million Baht)

	<u>For the year</u>		<u>Movement</u>	
	<u>2019</u>	<u>2018</u>	<u>Increase (decrease)</u>	<u>%</u>
Producer and distributor of ready-to-drink milk, drinks	1,129.80	700.75	429.05	61.23
Immovable property business	18.80	18.77	0.03	0.16
Agriculture and dairy farm	57.42	63.53	(6.11)	(9.62)
Total	1,206.02	783.05	422.97	54.01

- Contract manufacturing business of ready-to-drink milk and pasteurized fruit juices saw its income increase by Baht 429.05 million, or 61.23%, due to more production orders from the customers, the Company had more manufacturing and delivery of products in year 2019, increases were 24.28%.
- Immovable property business saw its income increase Baht 0.03 million, near that of last year.
- Farm business saw its income decrease Baht 6.11 million, due to less delivery of raw milk to the customers compared to those of the same periods last year. The decreases were 8.61%.

1.2 Cost of sales and service, Administrative expenses

Unit: Million Baht)

	<u>For the year</u>		<u>Movement</u>	
	<u>2019</u>	<u>2018</u>	<u>Increase (decrease)</u>	<u>%</u>
Cost of sales and service	1,010.75	670.71	340.04	50.70
Administrative expenses	67.94	60.27	7.67	12.73
Total	1,078.69	730.98	347.71	47.57

In the year 2019, the Company's cost of sales and administrative expenses are Baht 1,010.75 million and Baht 67.94 million respectively.

- The cost of sales and service increased by Baht 340.04 million, or 50.70%. The increases of the cost of sales and service were due to more sales volume; as well as more depreciation caused by the investment in machinery to improve production efficiency, reduce cost of production in the future, and support more sales volume in the future also.
- Administrative expenses in the year 2019 increased by Baht 7.67 million, or 12.73%, from the last year.

1.3 Others income

- Total other income amounted to Baht 39.98 million, which increased by Baht 0.77 million, or 1.97%.

1.4 Operational profit and net profit

(Unit: Million Baht)

	For the year		Movement	
	2018	2018	Increase (decrease)	%
Profit (loss) before tax expenses	141.95	71.53	70.42	98.45
Loss Tax expenses	27.30	13.35	13.95	104.49
Operational Profit	114.65	58.18	56.47	97.06
Share of profit (loss) of associate	(57.04)	(77.86)	20.82	26.74
Net profit	57.61	(19.68)	77.29	392.73

- Operational profit amounted to Baht 114.65 million, which increased by Baht 56.47 million, or 97.06%, from last year;. The increases were due to more production orders from the customers, as well as more effective ways to manage expenses and costs.
- In the year 2019, have net profit Baht 57.61 million according to the financial statement, increased by Baht 77.29 million, or 392.73%. from last year.

2. Analysis of financial status as at 31 December 2019

(Unit: Million Baht)

Assets	31 Dec. 2019		31 Dec. 2018	
		%		%
Trade and other receivables	315.22	19%	120.51	9%
Inventories	116.98	7%	119.88	9%
Investment in associated company	286.20	17%	330.87	24%
Property, plant and equipment	871.72	52%	712.57	51%
Biological assets – dairy cow	45.97	2%	46.27	3%
Others	48.46	3%	55.54	4%
Total assets	1,684.55	100%	1,385.63	100%

Total assets were Baht 1,684.55 million, which increased by Baht 298.92 million from 2018.

- Trade and other receivables increased by Baht 194.71 million, because the Company delivery more product to customers. This was consistent with the increased revenue in the contract manufacturing business of milk, drinks, and fruit juices.
- Inventories decreased by Baht 2.90 million, near that of last year.
- Investment in the associated companies decreased by Baht 44.67 million, due to the recognized share of loss in the associate companies.
- Land, buildings, and equipment increased by Baht 159.15 million, because of the investment of Baht 235.78 million in equipment and the depreciation during the year Baht 75.21 million.
- Biological assets decreased by Baht 0.30 million, due to the adjustment of fair value of the dairy cattle in the subsidiaries.
- Other assets were mostly cash and equivalent transactions to cash, deferred income tax assets and assets not used in operation.

(Unit: Million Baht)

<u>Liabilities</u>	31 Dec. 2019	%	31 Dec. 2018	%
Bank overdrafts and short-term loan	83.00	10%	10.00	2%
Trade and other payables	210.54	25%	104.70	17%
Liabilities under financial lease agreement	113.87	14%	119.75	20%
Long – term loan	310.80	38%	265.55	44%
Others	107.93	13%	99.56	17%
Total liabilities	826.14	100%	599.56	100%

Total liabilities were Baht 826.14 million, which increased by Baht 226.58 million from 2018.

- Bank overdrafts and short-term loan Baht 83 million, increased by Baht 73 million, from last year, because the subsidiaries withdrew more short-term loan from financial institutions for operations.
- Trade and other payables increased by Baht 105.84 million, the company's purchase of raw materials and packing materials for production to customers relative to the increase in revenues.
- Liabilities under financial lease agreements decreased by Baht 5.88 million, the Company paid Baht 38.5 million for the liabilities under financial lease agreements and increased a contract to lease machinery Baht 32.62 million.
- Long-term loan increased Baht 45.25 million, because the Company have paid Baht 92.43 million for the loan and received more loan of Baht 137.69 million.
- Other liabilities composed of deferred tax liabilities, employee benefit obligation.