



บริษัท เอบิโก้ โฮลดิ้งส์ จำกัด (มหาชน)

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

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

1. STATEMENTS OF COMPREHENSIVE INCOME

1.1 Revenues from sales and services

(Unit: Million Baht)

	For the ended March		Movement	
	2020	2019	Increase (decrease)	%
Producer and distributor of ready-to-drink milk, drinks	503.55	200.54	303.01	151.10
Immovable property business	2.95	4.72	(1.77)	(37.50)
Agriculture and dairy farm	17.10	17.28	(0.18)	(1.04)
Total	523.60	222.54	301.06	135.28

- Contract manufacturing business of ready-to-drink milk and pasteurized fruit juices saw its income increase by Baht 303.01 million, or 151.10%, due to more production orders from the old customers and new customers, the Company had more manufacturing and delivery of products in Q1'20, increases were 45.70%.
- The Property Business saw an income decrease of Baht 1.77 million in transaction records in accordance with TFRS16. This caused a decrease in Q1'20 compared to Q1'19 even though the rental space was not lower.
- Farm business saw its income decreased Baht 0.18 million, near that of last year.

1.2 Cost of sales and service, Administrative expenses

(Unit: Million Baht)

	For the ended March		Movement	
	2020	2019	Increase (decrease)	%
Cost of sales and service	453.28	182.85	270.43	147.90
Administrative expenses	18.27	16.94	1.33	7.85
Total	471.55	199.79	271.76	136.02

Q1'20, the Company's cost of sales and administrative expenses are Baht 453.28 million and Baht 18.27 million respectively.

- The cost of sales and service increased by Baht 270.43 million, or 147.90%. 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.
- Administrative expenses in the Q1'20 increased by Baht 1.33 million, or 7.85%.

1.3 Others income

Total other income amounted to Baht 9.37 million, which decreased by Baht 1.72 million, or 15%,. The main cause was more commission income in of Q1'20, which decreased by Baht 1.62 million.

1.4 Operational profit and net profit

(Unit: Million Baht)

	For the ended March		Movement	
	2020	2019	Increase (decrease)	%
Profit (loss) before tax expenses	55.05	29.49	25.56	86.67
Loss Tax expenses	(10.59)	(5.31)	5.28	99.44
Operational Profit	44.46	24.18	20.28	83.87
Share of profit (loss) of associate	0.16	(14.03)	14.19	101.14
Net profit	44.62	10.15	34.47	339.61

- Operational profit amounted to Baht 44.46 million, which increased by Baht 20.28 million, or 83.87%, in last Q1'19;. The increases were due to more production orders from the customers, as well as more effective ways to manage expenses and costs.
- In the Q1'20, have Net profit Baht 44.62 million, which increased by Baht 34.47 million, or 339.61% in last Q1'19.

2. Analysis of financial status as at 31 March 2020

(Unit: Million Baht)

<u>Assets</u>	31 Mar. 2020	%	31 Dec. 2019	%
Trade and other receivables	461.34	23%	315.22	19%
Inventories	162.38	8%	116.98	7%
Lease receivable	89.01	4%	-	-
Investment in associated company	292.71	14%	286.20	17%
Property, plant and equipment	770.42	38%	871.72	52%
Right-of-used	144.85	7%	-	-
Biological assets – dairy cow	46.51	2%	45.97	2%
Others	55.98	4%	48.46	3%
Total assets	2,023.20	100%	1,684.55	100%

Total assets were Baht 2,023.20 million, which increased by Baht 338.65 million from 2019.

- Trade and other receivables increased by Baht 145.12 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 increased by Baht 45.40 million, because the Company had to reserve packages and raw materials for customers in manufacturing.
- Lease receivables were increased by Baht 89.01 million because of the realization pf lease receivables in accordance with TFRS16.
- Investment in the associated companies increased by Baht 6.51 million, due to the recognized share of profit in the associate companies.
- Land, buildings, and equipment were decreased by Baht 101.30 million because some were transferred to right-of-use assets by Baht 116.15 million in 2020. The Company also invested Baht 41.14 million on equipment in Q1'20 and there were the depreciation of Baht 26.20 million between the periods.
- Biological assets increased by Baht 0.54 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 Other non-current assets.

(Unit: Million Baht)

<u>Liabilities</u>	31 Mar. 2020	%	31 Dec. 2019	%
Bank overdrafts and short-term loan	135.00	12%	83.00	10%
Trade and other payables	363.16	33%	210.54	25%
Liabilities under financial lease agreement	216.54	19%	113.87	14%
Long – term loan	281.55	25%	310.80	38%
Others	117.58	11%	107.93	13%
Total liabilities	1,113.83	100%	826.14	100%

Total liabilities were Baht 1,113.83 million, which increased by Baht 287.69 million from 2019.

- Bank overdrafts and short-term loan increased Baht 52 because its subsidiary already issued promissory note from the year 2019.
- Trade and other payables increased by Baht 152.62 million, the company's purchase of raw materials and packing materials for production to customers relative to the increase in inventories.
- Liabilities under financial lease agreements were increased by Baht 102.67 million. The Company saw an increase in year-by-year liabilities under financial lease agreements in transaction records in accordance with TFRS16.
- Long-term loan decreased Baht 29.25 million, because the Company have paid Baht 29.25 million for the loan.
- Other liabilities consisted of bank overdrafts, deferred tax liabilities, employee benefit obligation.