

GLOCON.018/2020

May 15th, 2020

Subject Management's discussion and analysis for 1st quarter of 2020

Attn. The President

The Stock Exchange of Thailand

Management's analysis

Consolidated Financial Results for 1st quarter of 2020

For 3 months period ended of March 31st, 2020

Consolidated Profit & Loss of Global Consumer Public Company Limited

Unit: Million Baht

	Q1/2020	Q1/2019	%YoY	Q4/2019	%QoQ
Revenue from sales and services	149.92	147.00	2%	154.53	(3%)
Revenue from sales of food and beverages	244.21	132.43	84%	149.75	63%
Total	394.13	279.43	41%	304.28	29%
Gross profit	82.22	63.31	30%	66.07	24%
Profit (loss) from operations	(3.79)	(26.36)	86%	(25.86)	85%
Gain (loss) from temporary investments	(0.22)	1.48	(115%)	(3.89)	(94%)
Profit (loss) for the period	(4.01)	(24.88)	84%	(21.97)	82%
Profit (loss) for the period attributed to equity holders of the company	(7.99)	(24.78)	68%	(21.65)	63%

Revenue and profit

Sales revenue from quarter 1/2020 of 394.13 million Baht, an increase of 114.70 million Baht or 41% compared to quarter 1/2019. The Company has a loss in quarter 1/2020 of 4.01 million Baht, a decrease of 20.87 million Baht or 84% including a loss from operations of 3.79 million Baht. During the period, the Company acquired dried fruits business and a decrease in loss from restaurant business.

At the present, the revenue from packaging business of totally 144.20 million Baht or 36.01% of total revenue and the revenue from restaurant business of totally 246.99 million Baht or 61.68% of total revenue, summarized by business unit as below.

Packaging Business Group

Unit: Million Baht

	Q1/2020	Q1/2019	%YoY	Q4/2019	%QoQ
Revenue from sales and services of packaging	144.20	144.14	0%	149.41	(3%)
EBITDA	17.20	13.00	32%	14.87	16%
EBITDA Margin	11.93%	9.02%	32%	9.95%	20%

Packaging business Sales revenue of 144.20 million Baht, an increase of 0.06 million Baht or 0% compared to quarter 1/2019 and a decrease of 5.21 million Baht or 3% compared to quarter 4/2019. Due to efficient cost management, EBITDA in quarter 1/2020 of 17.20 million Baht, an increase of 32% and 16% from the same period last year and the previous quarter, respectively.

Food Business Group

Processed foods and dried fruits business

Unit: million baht

	Q1/2020	Q1/2019	%YoY	Q4/2019	%QoQ
Revenue from sales of processed food	106.23	79.72	33%	110.73	(4%)
Revenue from sales of dried fruits	107.34	-	100%	-	100%
Total revenue	213.57	79.72	168%	110.73	93%
EBITDA	17.19	6.36	170%	5.31	224%
EBITDA Margin	8.05%	7.98%	1%	4.80%	68%

Processed food business Sales revenue of 106.23 million Baht, an increase of 26.51 million Baht or 33% compared to quarter 1/2019 and a decrease of 4.5 million Baht or 4% compared to quarter 4/2019. Due to the growth in Ready Meal sales in major convenience store and export its frozen freshwater fish. However, COVID-19 crisis halted frozen shrimp frozen and freshwater fish exporting from the middle of March 2020 onward, which caused a decrease in sales by compared to the previous quarter.

Dried fruit business Sales revenue of 107.34 million Baht, an increase of 100% compared to quarter 1/2019 and quarter 4/2019, respectively. Since the Company had just acquired the business during the period.

With this new Dried fruits business as a better performer, EBITDA for quarter 1/2020 of 17.19 million Baht, an increase of 170% and 224% from the same period last year and the previous quarter, respectively.

Restaurant business

Unit: Million Baht

	Q1/2020	Q1/2019	%YoY	Q4/2019	%QoQ
Revenue from sales of food and beverages	33.42	53.79	(38%)	39.64	(16%)
EBITDA	(7.95)	(12.56)	37%	(9.11)	13%
EBITDA Margin	(23.79%)	(23.35%)	(2%)	(22.98%)	(2%)

Restaurant business, Sales revenue of 33.42 million Baht, a decrease of 20.37 million Baht or 38% compared to quarter 1/2019 and a decrease of 6.22 million Baht or 16% compared to the previous quarter. By the Bangkok Governor's decree on closure of restaurants to only allow food take-away, A&W Bitec Bangna and Kitchen Plus in Homepro are currently out of services, as a result.

EBITDA in quarter 1/2020 of (7.95) million Baht, an increase of 37% and 13% compared to the same period last year and the previous quarter, respectively. The loss in this unit has been optimized with closure of non-performing stores and a shift to delivery service.

Other business units

Unit: Million Baht

	Q1/2020	Q1/2019	%YoY	Q4/2019	%QoQ
Revenue from other businesses	9.22	8.84	4%	10.14	(9%)
EBITDA	(1.06)	1.30	(182%)	(1.98)	46%
EBITDA %	(11.50%)	14.71%	(178%)	(19.53%)	41%

Other businesses, Sales revenue of 9.22 million Baht, an increase of 0.38 million Baht or 4% compared to the quarter 1/2019 last year and a decrease of 0.92 million Baht or 9% compared to the previous quarter. EBITDA in quarter 1/2020 of (1.06) million Baht, a decrease of 178% and an increase of 41% compared to the same period last year and the previous quarter, respectively.

Financial information

	March 31 st , 2020	December 31 st , 2019	Change	Unit: Million Baht Percentage
Assets				
Current assets				
Cash and cash equivalents	119.91	244.89	(124.98)	(51)
Accounts receivable	235.51	183.83	51.68	28
Inventories	219.25	154.30	64.95	42
Other current assets ¹	81.68	56.04	25.64	46
Non-current assets				
Property, plant and equipment	476.68	491.68	(14.80)	(3)
Right-of-use asset – net	108.15	-	108.15	100
Intangible assets	125.30	129.44	(4.14)	(3)
Leasehold rights and buildings	-	62.11	(62.11)	(100)
Goodwill	107.78	59.28	48.5	82
Other non-current assets ²	34.98	31.57	3.41	11
Current liabilities				
Bank overdrafts and short-term loans from banks	97.58	91.45	6.13	7
Accounts Payable	132.30	100.27	32.03	32
Current liabilities under finance	-	2.57	(0.09)	(4)
Current liabilities under lease agreements	15.26	-	12.78	100
Other current liabilities ³	106.63	109.50	(2.87)	(3)
Non- current liabilities				
Liabilities under financial lease agreements	-	8.20	(0.54)	(7)
Liabilities under lease agreements	39.10	-	31.45	100
Other non-current liabilities ⁴	68.01	69.88	(1.87)	(3)

¹ Consists of temporary investments, withholding tax, other current assets and assets held for discontinued operations

² consisting of properties investment, deposit for purchase of assets, deferred income tax and other non-current assets

³ Consists of accounts payable for purchase of assets, long-term loans, obligated employee benefit, dividend payable, income tax payable, other current liabilities and liabilities held for discontinued operations

⁴ Consists of long-term loans, obligated employee benefit, deferred income tax liabilities and other non-current liabilities

Statement of Financial Position

Working capital for business operations

During the period, the Company has invested in dried fruits business which generates revenue in quarter 1/2020 of 107.34 million Baht, making change to the working capital (e.g. accounts receivable, inventories and accounts payable) in the Company's statements of financial position as of March 31st, 2020 compared to that of December 31st, 2019.

The impact of the new financial reporting standards

The adoption of Thai Financial Reporting Standards No. 9 and No.16, as of January 1st, 2020, has impacted the Company's statements of financial position, especially the No.16, causing the company to recognize right of use and financial lease liabilities for the first time.

Goodwill

During the period, the Company invested in the dried fruits business, whereby the Company paid for the purchase of this business at 48.5 million Baht and recognized said transaction as goodwill. At present, the Company has measured the fair value of identifiable assets acquired and liabilities assumed at the business acquisition date. Said measurement is currently in the process of being prepared, it will be completed within 1 year from the date of purchase, which might affect operations in the current period after receiving the business valuation report.

Financial ratio

Financial ratio	March 31 st , 2020	December 31 st , 2019	Change	Percentage
Current ratio (times)	1.87	2.10	(0.23)	(11)
Debt to equity ratio (times)	0.18	0.13	0.05	38
Net debt to equity ratio (times)	0.06	(0.10)	0.16	160

Note:

Current ratio = current assets divided by current liabilities

Debt to equity ratio = Interest-bearing debt divided by total shareholders' equity

Net debt to equity ratio = Interest-bearing liabilities less cash and cash equivalents divided by total shareholders' equity

Effect of Financial Reporting Standards No. 16 to financial ratios

As of March 31st, 2020, the Company recognized liabilities under leases from the enforcement of Financial Reporting Standard No. 16, amount 44.23 million Baht, which affects the Company's financial ratios as follows

Financial ratios as of March 31 st , 2020	Post-adoption	Pre-adoption	Change	Percentage
Interest bearing debt to equity ratio (times)	0.18	0.13	0.05	38
Net interest-bearing debt to equity ratio (times)	0.06	0.02	0.04	200

The effect of COVID- 19 and the company's management practices to minimize the impact

An adoption of the Emergency Decree on Public Administration in Emergency Situation (No. 1), B.E. 2548 since March 26th, 2020 has forced A&W and Kitchen Plus brand to temporarily close their dine-in service, which impacts the Company main source of revenue. Hence, to minimize such impact, the Company shifted to delivery service, applying cost and expense reduction program, re-negotiating rental fees for all stores to delay cash outflow along with maintaining liquidity and financial status. As for operations, the Company will closely monitor the situation and be ready for the return of dine-in whenever the situation has eased. The management is still fully committed to navigate the Company through the pandemic and get back to making a profit in the best interest of shareholders

For your information

Yours Faithfully

(Mr. Chirdsak Kukiattinun)

Executive Chairman