



Ref. FPI.007/2020

15 July 2020

Subject : Management Discussion & Analysis of Performance Results of Quarter 1 2020
To : Board of Directors and President of The Stock Exchange of Thailand

Fortune Parts Industry Public Company Limited (“FPI” or “The Company”) would like to submit the annual financial statements for the three-month period ended 31 March 2020 which has been audited by certified public auditor as follows:

Overall performance results of the Company for the three-month period ended 31 March 2020, compared to the same period of the previous year were highlighted as below;

(Unit : Million Baht)

Consolidated financial statements			
	Q1' 2020	Q1'2019	% Change
Sales and Service Income	530	481	10
Other Revenue	6	3	200
Less Cost of Sales and Services	433	388	12
Selling and Administrative Expenses	47	43	9
Allowance for doubtful account (Reverse)	(1)	2	(150)
Allowance for diminution in value of goods	(4)	(2)	200
Operating Profit	61	53	15
Less Loss from change in fair value of financial derivative	67	4	1,575
Share of profit (loss) from Joint Venture	-	(1)	n.a.
Loss on recognition of other comprehensive income resulting from change in status of investment	(22)	-	n.a.
Loss from measurement of asset held for sale	3	-	n.a.
Finance Cost	8	4	200
Profit (Loss) before Tax income (expense)	(39)	46	(184)
Tax Income (Expense)	2	7	(71)
Net Profit	(41)	39	(205)

Total Revenues

In the three-month period ended 2020 and 2019, total revenues of the Company were Baht 536 million and Baht 484 million, respectively, which increased by Baht 52 million or increased by 11%. Sales and service income for the quarter 1 ended 31 March 2020 amounted to Baht 530 million increased by Baht 49 million or increased by 10%.

This was mainly due to the increased in domestic sales of Baht 32 million or increased by 47%. from the sales of OEM of Toyota, Daihatsu, Mitsubishi and Mazda BT50. The company also sell products to the customer in Thailand who exports the product to Japan and other countries. Export sales in Asian and The Middle East zones increased by Baht 29 million or increased by 12% from increased in Saudi Arabia customers. During the first quarter of 2020, many manufacturer countries have been facing the outbreak of Coronavirus (COVID-19), causing those countries to close their territories such as Republic of China and Malaysia. Consequently, the customers purchase and order more from the Company.

The Company's revenue was also affected by the appreciation of exchange rate of 4% from an average of 31.62 per 1 Dollar in quarter 1 2019 to 30.34 per 1 Dollar in quarter 1 2020. Nevertheless, the Company could maintain the growth rate of revenue of 10%.

Cost of Sales and Services

In the three-month period ended 31 March 2020 and 2019, total cost of sales and services of the Company, which is accounted for Baht 433 million and Baht 388 million, respectively, increased by Baht 45 million or 12%. This is mainly because of the increase in sales of Baht 49 million leading to the increase in cost of sales and services.

Selling and Administrative Expenses

For the three-month period ended 31 March 2020 and 2019, the Company's selling and administrative expenses increased by Baht 4 million or 9% from Baht 43 million in the three-month period ended 2019 to Baht 47 million in this period. This is mainly because of the increase in sales by 10%.

Operating Profit

For quarter 1 2020 and 2019, the company has operating profit of Baht 61 million and Baht 53 million, respectively, which is increased by Baht 8 million or 15%.

Net Profit

In the three-month period ended 31 March 2020 and 2019, consolidated financial statement has net loss of Baht 41 million and net profit of Baht 39 million, respectively. This was resulted from non-core business transaction of the Company, which is accounted for Baht 102 million and Baht 14 million in quarter 1 2020 and 2019, respectively. The details are as follow;

1. Loss from financial derivative of forward contract and forward option in quarter 1 2020 and 2019 amounting to Baht 67 million and Baht 4 million, respectively. The loss was increased by Baht 63 million. Due to the unpredictable spread of Coronavirus (COVID-19), Baht depreciation against US Dollar during quarter 1 2020.
2. Loss from recognition of other comprehensive income resulting from change in status of investment in FPI AUTOPARTS INDIA PRIVATE LIMITED amounting to Baht 22 million in the first quarter of 2020. This is mainly because the Company purchased shares from former shareholders of 55% with the value of INR 8.6369 per share. Moreover, India Rupee depreciated to about 17%; therefore, the Company measured investment value that the Company previously hold of 45% at par value of INR 10.
3. Loss from measurement of asset held for sales amounting to Baht 3 million since the Company agreed to sell investment in Safe Energy Holdings Co., Ltd to the buyer following the sales-purchase agreement dated 25 February 2020 at the agreed price of Baht 222.90 million in which the value is lower than the investment value that is applied equity method.

Financial Position (in comparison to as of 31 December 2019)

Overall financial position of the Company as of 31 March 2020, compared to the statement of financial position as of 31 December 2019, the balance of total assets which were Baht 2,974 million and Baht 2,758 million, respectively, increased by Baht 216 million, or increased by 3% due to the following reasons.

Total Assets

As at 31 March 2020, total assets were Baht 2,974 million, increased by Baht 216 million from the balance at the ended of 31 December 2019. This were mainly because the increase in trade receivable and other receivable by Baht 103 million, and property, plant and equipment, and intangible assets increased by Baht 244 million. Moreover, the Company acquired share capital from the former shareholders in ALP FPI PARTS PRIVATE LIMITED, a subsidiary in India, in which on 24 June 2020, has changed the name to FPI AUTOPARTS INDIA PRIVATE LIMITED.

Total Liabilities

Total liabilities increased by Baht 229 million from Baht 1,143 million as at 31 December 2019 to Baht 1,371 million as at 31 March 2020. It was mainly because the increased in trade and other payable of Baht 56 million, and short-term loans from packing credit and letter of credit by Baht 52 million for buying raw material for manufacturing. Moreover, there is an increase in current financial liability by Baht 22 million from new financial reporting standards: TFRS 9 financial derivative. The Company also has an increase in long-term loan from bank of Baht 94 million.

Shareholders' Equity

As at 31 March 2020, shareholders' equity was Baht 1,604 million, which decreased by Baht 11 million from Baht 1,615 million as at 31 December 2019. This is mainly due to the net loss from operating for the three-month period ended 31 March 2020 by Baht 41 million, difference from translation of financial statements in foreign currencies of Baht 8 million, and loss from recognition of other comprehensive income resulting from change in status of investment of Baht 22 million.

Please be informed accordingly.

Yours sincerely,

Mr. Sompol Tanadumrongsak
Managing Director