



บริษัท ลำสูง (ประเทศไทย) จำกัด (มหาชน)  
**Lam Soon (Thailand) Public Company Limited**

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August 7, 2020

**Subject: To submit the Interim Management Discussion and Analysis  
For the three-month period ended 30 June 2020**

**To: Directors and Managers of the Stock Exchange of Thailand**

Lam Soon (Thailand) Pcl. (LST) and its subsidiaries would like to inform the operating results for the three-month period ended 30 June 2020. Total revenues were Baht 1,728.7 million, compared to the same period of 2019 with revenues at Baht 1,744.7 million, decreasing by 0.9%. The Profit attributable to equity holders of the Company was Baht 74.2 million, compared to the same period of 2019 with the Profit at Baht 131.7 million, decreasing by 43.7%.

The Company would like to submit the management discussion and financial performance analysis and explanation for the three-month period ended 30 June 2020.

Please be kindly informed.

Sincerely yours,

(Miss Anchalee Suebchantasiri)  
Managing Director

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### **Financial performance analysis and explanation**

For the three-month period ended 30 June 2020, the Company's sales increased by Baht 29.4 million or 2.6% compared to the same period of 2019, while cost of sales ratio increased from 80.4% to 88.9%. The main reason was that FFB output continuously decreased from Q4/2019 to Q1/2020; as a result CPO price significantly increased by 35.3% compared with the same period in last year. In addition, there was the CPO purchased for electricity production by Electricity Generating Authority of Thailand (EGAT) amounting 96,000 tons which started to supply since December 2019 and ended in April 2020. Also, enforcing B10 biodiesel to become the primary diesel from 1 January 2020 onwards with B7 and B20 as alternatives. As government policies above, CPO price was balanced in high level and more stable than previous year. Furthermore, the situation of COVID-19 pandemic caused government to announce policies "Lockdown", "Curfew", "Food Take away only", and "No social activities" on 22 March 2020, affecting the company's sales volume to decline by 15.7%. As a result, the company had profit for the period at Baht 63.0 million, a decrease of 118.4 million Baht or 65.3% from the same period of 2019.

The subsidiary company (UPOIC)'s sales increased by Baht 44.2 million or 25.1% from Q2/2019. The main reason was that the average selling price and sales volume of CPO increased by 20.8% and 3.5% respectively.

For its subsidiary company (UFC), sales decreased by Baht 81.3 million or 15.8%, driven by a decrease in sales of beverages Baht 80.5 million and a decrease in sales of canned fruits and vegetables Baht 6.1 million. Profit for the period decreased by Baht 1.0 million or 3.4%.

As reasons above, profit attributable to equity holders of the Company for the period was Baht 74.2 million, decreasing by Baht 57.5 million or 43.7% (Q2/2019: Baht 131.7 million). Profit ratio for the period was 4.3% (Q2/2019: 7.5%).

Other major components and changes in consolidated financial statements were as follows:-

#### **1. Revenues**

**Sales and service income** : Sales and service income under the Company and its subsidiaries for the period decreased by Baht 18.0 million or 1.0%. The reduction mainly came from sales of UFC which decreased by Baht 81.3 million due to the COVID-19 situation. Nevertheless, Sales of LST increased by Baht 29.4 million or 2.6%, resulted from the increase in the average selling price 22.1%. While sales volume decreased by 15.7% due to the situation of COVID-19 pandemic which caused government to announce policies 'Lockdown', 'Curfew', 'Food Take away', and 'No social activities' on 22 March 2020.

**Other income** : The Company and its subsidiaries had income other than those generated by normal operation Baht 22.6 million or 1.3% of total revenues (Q2/2019: Baht 20.6 million). Other income mainly came from selling scrap and assets of company such as palm shell and steel scrap from warehouse renovation Baht 9.4 million and selling palm shell of UPOIC Baht 6.6 million

#### **2. Expenses**

**Cost of sales and service** : The Company and its subsidiaries recorded cost of sales and service for the period at 83.8% of total sales (Q2/2019: 77.8%). The increment mainly came from cost of sales under LST was 88.9% (Q2/2019: 80.4%) because the average unit cost of CPO significantly increased by 35.3%.

Plantation subsidiary (UPOIC) recorded higher cost of sales and service than Q2/2019 by Baht 61.8 million or 59.8% because the average FFB cost raised by 15.3, and sales volume increased by 8.6%. Furthermore, profit from change in fair value of inventory decreased by 31.0%.

## Interim Management Discussion and Analysis For the three-month period ended 30 June 2020

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The subsidiary company (UFC) recorded cost of sales and service at 78.5% of total sales (Q2/2019: 81.3%).

**Selling expenses :** The Company and its subsidiaries recorded selling expenses at Baht 116.7 million (Q2/2019: Baht 131.4 million), declining by Baht 14.6 million. Selling expenses of LST decreased by Baht 10.0 million mainly due to goods transportation which came from the decrease in diesel fuel and sales volume. UFC's selling expenses decreased by Baht 2.8 million from the adjustment of provision on pension under new regulation in Q2/2019.

**Administrative expenses :** Administrative expenses of the Company and its subsidiaries were Baht 49.9 million (Q2/2019: Baht 65.5 million), declining by Baht 15.6 million. Admin expenses of LST decreased by Baht 6.2 million mainly from the adjustment of provision on pension under new regulation in Q2/2019. Admin expenses of UPOIC decreased by Baht 6.8 million mainly from legal fee and employee expenses.

**Loss from change in fair value of biological assets :** The subsidiary (UPOIC) realized loss from change in fair value of biological assets of Baht 21.5 million (Q2/2019: loss Baht 36.7 million).

### 3. Profits

**Gross profit (GP) :** GP of the Company and its subsidiaries decreased by Baht 106.2 million or 27.8%. The consolidated GP was 16.2% of total sales (Q2/2019: 22.2%). For the Company, GP decreased by Baht 94.1 million or 41.7%.

**Profit for the period :** Profit attributable to equity holders of the Company for the three-month period ended 30 June 2020 was Baht 74.2 million (Q2/2019: Baht 131.7 million), decreasing by Baht 57.5 million or 43.7%, with net profit of 4.3% of total revenues (Q2/2019: 7.5%).