



บริษัท เอบิโก้ โฮลดิ้งส์ จำกัด (มหาชน)

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

FOR THE SECOND QUARTER 2019 THREE MONTHES AND SIX MONTHS

1. STATEMENTS OF COMPREHENSIVE INCOME

1.1 Revenues from sales and services

(Unit: Million Baht)

	For the second quarter		For the period of six months		Movement for the second quarter		Movement for the period of six months	
	2020	2019	2020	2019	Increase (decrease)	%	Increase (decrease)	%
Producer and distributor of ready-to-drink milk, drinks	472.24	276.36	975.79	476.89	195.88	70.88	498.90	104.62
Immovable property business	3.47	4.76	6.42	9.48	(1.29)	(27.10)	(3.06)	(32.28)
Agriculture and dairy farm	15.33	14.80	32.43	32.09	0.53	3.58	0.34	1.06
Total	491.04	295.92	1,014.64	518.46	195.12	65.94	496.18	95.70

- Contract manufacturing business of ready-to-drink milk and pasteurized fruit juices saw its income increase by Baht 195.88 million, or 70.88%, in Q2'20, and by Baht 495 million, or 104.62%, in the six-month period. Due to more production orders from the old customers and new customers, the Company had more manufacturing and delivery of products.
- Immovable property business saw its income decrease both in the three-month period and the six-month period by Baht 1.29 million and Baht 3.06 million respectively, because in transaction records in accordance with TFRS16. This caused a decrease in Q2'20 compared to Q2'19 even though the rental space was not lower.
- Farm business saw its income decrease both in the three-month period and the six-month period by Baht 0.53 million and Baht 0.34 million respectively, due to more delivery of raw milk to the customers compared to those of the same periods last year both in the three-month period and the six-month period. The decreases were 4% and 1% respectively.

1.2 Cost of sales and service, Administrative expenses

(Unit: Million Baht)

	For the second quarter		For the period of six months		Movement for the second quarter		Movement for the period of six months	
	2020	2019	2020	2019	Increase (decrease)	%	Increase (decrease)	%
Cost of sales and service	431.66	246.52	884.94	429.9	185.14	75.10	455.04	105.85
Administrative expenses	18.54	16.15	36.81	31.79	2.39	14.80	5.02	15.79
Total	450.20	262.67	921.75	461.69	187.53	71.39	460.06	99.65

In Q2'20, the Company's cost of sales and administrative expenses in the three-month period and the six-month period are Baht 450.20 million and Baht 921.75 million respectively.

- The cost of sales and service increased by Baht 185.14 million, or 75.10%, in Q2'20; and increased by Baht 455.04 million, or 105.85%, in the six-month period. 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 increased by Baht 2.39 million, or 14.80%, in Q2'20; and increased by Baht 5.02 million, or 15.79%, in the six-month period.

1.3 Others income

Total other income amounted to Baht 8.36 million, which decreased by Baht 3.17 million, or 27.51%, in Q2'20; and amounted to Baht 17.73 million, which decreased by Baht 4.89 million, or 21.63%, in the six-month period cause was more commission income in of Q2'20, which decreased by Baht 2.61 million and Baht 4.23 million respectively.

1.4 Operational profit and net profit

(Unit: Million Baht)

	For the second quarter		For the period of six months		Movement for the second quarter		Movement for the period of six months	
	2020	2019	2020	2019	Increase (decrease)	%	Increase (decrease)	%
Profit (loss) before tax expenses	44.11	38.84	99.16	68.32	5.27	13.57	30.84	45.14
Loss Tax expenses	7.68	7.20	18.27	12.50	0.48	6.67	5.77	46.16
Operational Profit	36.43	31.64	80.89	55.82	4.79	15.14	25.07	44.91
Share of profit (loss) of associate	(10.99)	(17.40)	(10.83)	(31.43)	6.41	36.84	20.60	65.54
Net profit	25.44	14.24	70.06	24.39	11.20	78.65	45.67	187.25

- Operational profit amounted to Baht 36.43 million, which increased by Baht 4.79 million, or 15.14%, in Q2'20; and amounted to Baht 80.89 million, which increased by Baht 25.07 million, or 44.91%, in the six-month period. The increases were due to more production orders from the customers, as well as more effective ways to manage expenses and costs.
- Net profit according to the financial statement increased by Baht 11.20 million, or 78.65%, in Q2'20; and increased by Baht 45.67 million, or 187.25%, in the six-month period.

2. Analysis of financial status as at 30 June 2020

(Unit: Million Baht)

<u>Assets</u>	30 Jun. 2020	%	31 Dec. 2019	%
Trade and other receivables	408.72	20%	315.22	19%
Inventories	150.97	7%	116.98	7%
Lease receivable	88.03	5%	-	-
Investment in associated company	280.49	14%	286.20	17%
Property, plant and equipment	779.69	38%	871.72	52%
Right-of-used	223.01	11%	-	-
Biological assets – dairy cow	48.53	2%	45.97	2%
Others	51.32	3%	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 346.21 million from 2019.

- Trade and other receivables increased by Baht 93.50 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 33.99 million, because the Company had to reserve packages and raw materials for customers and new customers in manufacturing.
- Lease receivables were increased by Baht 88.03 million because of the realization pf lease receivables in accordance with TFRS16.
- Investment in the associated companies decreased by Baht 5.71 million, due to the recognized share of loss in the associate companies.
- Land, buildings, and equipment were decreased by Baht 92.03 million because some were transferred to right-of-use assets by Baht 116.15 million in 2020. The Company also invested Baht 58.25 million on equipment in Q1'20 and there were the depreciation of Baht 31.50 million between the periods.
- Biological assets increased by Baht 2.56 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, intangible assets and Other non-current assets

(Unit: Million Baht)

<u>Liabilities</u>	30 Jun. 2020	%	31 Dec. 2019	%
Bank overdrafts and short-term loan	113.00	10%	83.00	10%
Trade and other payables	299.67	27%	210.54	25%
Liabilities under financial lease agreement	278.31	25%	113.87	14%
Long – term loan	281.71	26%	310.80	38%
Others	124.48	12%	107.93	13%
Total liabilities	1,097.17	100%	826.14	100%

Total liabilities were Baht 1,097.17 million, which increased by Baht 271.03 million from 2019.

- Bank overdrafts and short-term loan increased by Baht 30 million, because the subsidiaries withdrew more short-term loan from financial institutions for operations.
- Trade and other payables increased by Baht 89.13 million, because the Company order packages and raw materials for manufacturing to customer.
- Liabilities under financial lease agreements decreased by Baht 164.44 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 29.09 million, because the Company have paid Baht 67.09 million for the loan and received more loan of Baht 38 million.
- Other liabilities consisted of bank overdrafts, deferred tax liabilities, employee benefit obligation, current liabilities and other non-current liabilities.