

GLOCON.035/2020

August 14th, 2020

Subject Management's discussion and analysis for 2nd quarter of 2020

Attn. The President

The Stock Exchange of Thailand

Management's analysis

Consolidated Financial Results for 2nd quarter of 2020

Executive summary

Global Consumer group is still on course with its "Turnaround" strategy, putting profit back into the business. For 6 months period ended June 30th, 2020 income from packaging, processed food and dried fruits business are growing stronger, making the group's total income rise by 37 percent. Along with effective cost management, Net Profit (Loss) from operating business has risen 55 percent when compared with the same period of last year. However, COVID-19 caused the government to enforce strict regulations in the 2nd quarter of 2020, resulting in 46 percent less income from restaurant business.

For 3 months period ended June 30th, 2020

Consolidated Profit & Loss of Global Consumer Public Company Limited

Unit: Million Baht

	Q2/2020	Q2/2019	Change	%YoY
Revenue from sales and services – packaging and others	148.60	141.87	6.73	5%
Revenue from sales of food and beverages	249.38	157.64	91.74	58%
Total	397.98	299.51	98.47	33%
Gross profit	71.25	68.05	3.20	5%
Profit (loss) from operations	(8.52)	(3.20)	(11.72)	(366%)
Gain (loss) from temporary investments	-	(6.25)	6.25	100%
Profit (loss) for the period	(8.52)	(3.05)	(5.47)	(179%)
Profit (loss) for the period attributed to equity holders of the company	(9.69)	(3.63)	(6.06)	(167%)

Revenue and profit

3 months sales revenue period ended June 30th 2020 of 397.98 million Baht, an increase of 98.47 million Baht or 33% compared to the same period of last year, suffering a loss of 8.52 million Baht, an increase of 5.47 million Baht or 179%. During this period, loss from restaurant business has increased as a result of COVID-19 pandemic.

For 6 months period ended June 30th, 2020

Consolidated Profit & Loss of Global Consumer Public Company Limited

	Q2/2020	Q2/2019	Change	%YoY
Revenue from sales and services – packaging and others	298.53	288.87	9.66	3%
Revenue from sales of food and beverages	493.58	290.07	203.51	70%
Total	792.11	578.94	213.17	37%
Gross profit	153.47	131.36	22.11	17%
Profit (loss) from operations	(12.31)	(23.16)	10.85	47%
Gain (loss) from temporary investments	(0.22)	(4.77)	4.55	95%
Profit (loss) for the period	(12.53)	(27.93)	15.40	55%
Profit (loss) for the period attributed to equity holders of the company	(17.68)	(28.41)	10.73	38%

Revenue and profit

Sales revenue 6 months period ended June 30th of 792.11 million Baht, an increase of 213.17 million Baht or 37% compared to the same period of last year. The Company has a loss 6 months period ended of June 30th, 2020 of 12.53 million Baht, a decrease of 15.40 million Baht or 55% including a loss from operations of 12.31 million Baht. During the 6 months period, the Company acquired dried fruits business and a decrease in loss from restaurant business.

The total revenue for 6 months consist of; revenue from packaging business of 278.19 million Baht or 35.12% of total revenue and revenue from restaurant business of 493.58 million Baht or 62.31% of total revenue, summarized by business unit as below:

Packaging Business Group

Unit: Million Baht

3 months	Q2/2020(3M)	Q2/2019(3M)	Change	%YoY
Revenue from sales and services of packaging	133.99	128.72	5.27	4%
EBITDA	14.74	7.71	7.03	91%
EBITDA Margin	11.00%	5.99%	5.01%	84%

Packaging business 3 months sales revenue of 133.99 million Baht, an increase of 5.27 million Baht or 4% compared to quarter 2/2019 with EBITDA in quarter 2/2020 of 14.74 million Baht, an increase of 91% compared to quarter 2/2019 with gain on food packaging income and efficient cost management as main factors

6 months	Q1/2020(6M)	Q1/2019(6M)	Change	%YoY
Revenue from sales and services of packaging	278.19	272.86	5.33	2%
EBITDA	31.94	20.71	11.23	54%
EBITDA Margin	11.48%	7.59%	3.89%	51%

Packaging business 6 months sales revenue of 278.19 million Baht, an increase of 5.33 million Baht or 2% compared to the same period of last year with EBITDA in the first 6 months of 31.94 million Baht, an increase of 51% compared to the same period of last year with gain on food packaging income and efficient cost management as main factors

Food Business Group

Processed foods and dried fruits business

Unit: million baht

3 months	Q2/2020(3M)	Q2/2019(3M)	Change	%YoY
Revenue from sales of processed food	102.34	104.82	(2.48)	(2%)
Revenue from sales of dried fruits	120.60	-	120.60	100%
Total revenue	222.94	104.82	118.12	113%
EBITDA	13.29	9.32	3.97	43%
EBITDA Margin	5.96%	8.89%	(2.93%)	(33%)

Processed food business 3 months sales revenue of 102.34 million Baht, a decrease of 2.48 million Baht or 2% compared to quarter 2/2019 COVID-19 crisis halted frozen shrimp frozen and freshwater fish exporting from the middle of March through the end of April 2020, which caused a decrease in sales.

Dried fruit business 3 months sales revenue of 120.60 million Baht, an increase of 100% compared to quarter 2/2019. Since the Company had just acquired the business during the period.

With EBITDA in quarter 2/2020 of 13.29 million Baht, an increase of 43% compared to quarter 2/2019. As the new Dried fruits business yield better profit than processed food business. The necessary procurement of out-of-season fruits and recognized loss from exchange rate of 2.22 million Baht caused a decline in EBITDA Margin.

6 months	Q2/2020(6M)	Q2/2019(6M)	Change	%YoY
Revenue from sales of processed food	208.57	184.54	24.03	13%
Revenue from sales of dried fruits	227.94	-	227.94	100%
Total revenue	436.51	184.54	251.97	137%
EBITDA	30.48	15.68	14.80	94%
EBITDA Margin	6.98%	8.50%	(1.52%)	(18%)

Processed food business Sales revenue of 208.57 million Baht, an increase of 24.03 million Baht or 13% compared to the same period of last year. Due to the growth in Ready Meal sales in major convenience store and export its frozen freshwater fish.

Dried fruit business Sales revenue of 227.94 million Baht, an increase of 100% compared to the same period of last year. Since the Company had just acquired the business during the period.

With EBITDA in the first 6 months of 30.48 million Baht, an increase of 94% compared to the same period of last year. As the new Dried fruits business yield better profit than processed food business. The necessary procurement of out-of-season fruits and recognized loss from exchange rate of 0.98 million Baht caused a decline in EBITDA Margin.

Restaurant business

Unit: Million Baht

3 months	Q2/2020(3M)	Q2/2019(3M)	Change	%YoY
Revenue from sales of food and beverages	23.65	51.73	(28.08)	(54%)
EBITDA	(8.34)	(4.53)	(3.81)	(84%)
EBITDA Margin	(35.24%)	(8.75%)	(26.49%)	(303%)

6 months	Q2/2020(6M)	Q2/2019(6M)	Change	%YoY
Revenue from sales of food and beverages	57.07	105.52	(48.45)	(46%)
EBITDA	(16.29)	(17.09)	0.80	5%
EBITDA Margin	(28.53%)	(16.19%)	(12.34%)	(76%)

Restaurant business, Both 3 months and 6 months sales revenue declined when compared to quarter 2/2019. As the company has discontinued non-performing stores in the first half of 2019. And COVID-19 caused the Bangkok Governor's decree on closure of restaurants to only allow food take-away, A&W Bitec Bangna and Kitchen Plus in Homepro in quarter 2/2020. All restaurant outlets are now back in service as of quarter 3/2020.

EBITDA for 3 months is (8.34) million Baht, a decrease of 84% compared to quarter 2/2019. Since expenses such as wage, rent and etc. are still has to be paid during the closure of restaurants as an impact of COVID-19.

EBITDA for 6 months is (16.29) million Baht, an increase of 5% compared to quarter 2/2019. 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

3 months	Q2/2020(3M)	Q2/2019(3M)	Change	%YoY
Revenue from other businesses	11.11	7.18	3.93	55%
EBITDA	0.71	2.41	(1.7)	(71%)
EBITDA Margin	6.39%	33.64%	(27.25%)	(81%)

6 months	Q2/2020(6M)	Q2/2019(6M)	Change	%YoY
Revenue from other businesses	20.33	16.02	4.31	27%
EBITDA	(0.35)	3.71	(4.06)	(109%)
EBITDA Margin	(1.72%)	23.19%	(24.91%)	(107%)

Other businesses, 3 months sales revenue of 11.11 million Baht, an increase of 3.93 million Baht or 55% compared to the quarter 2/2019 and 6 months sales revenue of 20.33 million Baht, an increase of 4.31 million Baht or 27% compared to the same period of last year with an expansion of our consumer goods in big convenience store chain.

EBITDA declined for both 3 months and 6 months period as Community mall business suffer from COVID-19 in terms of lower rental income while fixed expense such as wage remains.

Financial information

	June 30 th , 2020	December 31 st , 2019	Change	Unit: Million Baht Percentage
Assets				
Current assets				
Cash and cash equivalents	108.44	244.89	(136.45)	(56)
Accounts receivable	230.61	183.83	46.64	25
Inventories	225.74	154.30	71.44	46
Other current assets ¹	112.39	56.04	56.35	101
Non-current assets				
Property, plant and equipment	474.84	491.68	(16.84)	(3)
Right-of-use asset – net	96.68	-	96.68	100
Intangible assets	120.62	129.44	(8.82)	(7)
Leasehold rights and buildings	-	62.11	(62.11)	(100)
Goodwill	107.78	59.28	48.50	82
Other non-current assets ²	39.12	31.57	7.55	24
Current liabilities				
Bank overdrafts and short-term loans from banks	96.03	91.45	4.58	5
Accounts Payable	137.17	100.27	36.90	37
Current liabilities under finance	-	2.57	(2.57)	(100)
Current liabilities under lease agreements	16.26	-	16.26	100
Other current liabilities ³	111.06	109.50	1.56	1
Non-current liabilities				
Liabilities under financial lease agreements	-	8.20	(8.20)	(100)
Liabilities under lease agreements	40.76	-	40.76	100
Other non-current liabilities ⁴	72.91	69.88	3.03	4

¹ Consists of Restricted deposits with banks, 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 the first 6 months of 227.94 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 June 30th, 2020 compared to that of December 31st, 2019.

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	June 30 th , 2020	December 31 st , 2019	Change	Percentage
Current ratio (times)	1.88	2.10	(0.22)	(10)
Debt to equity ratio (times)	0.19	0.13	0.06	46
Net debt to equity ratio (times)	0.09	(0.10)	0.19	190

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

For your information

Yours Faithfully

(Mr. Chirdsak Kukiattinun)

Executive Chairman