



บริษัท น้ำมันพืชไทย จำกัด (มหาชน)

THAI VEGETABLE OIL PUBLIC COMPANY LIMITED

TVO/CP/19/011

August 8, 2019

Subject : Report of the Financial Statement, ended of June 30, 2019

Attention : The President of the Stock Exchange of Thailand

Thai Vegetable Oil Public Company Limited would like to inform you the audited operating results of the Company and its subsidiary (collectively called the “Company”) as ended June 30, 2019, together with the management discussion and analysis as an information for investors and those who found interested.

Operating Results

Operating results of the Company and its subsidiary for three-month and six-month period ended June 30, 2019 and 2018 were as follows;

Unit: Million Baht	For three-month period, ended June 30				For six-month period, ended June 30			
	2019	2018	Increase/(Decrease)		2019	2018	Increase/(Decrease)	
Sales	5,802	5,777	25	0.43%	11,693	12,053	(360)	(2.99%)
Sale of packing materials	123	89	34	38.20%	224	178	46	25.84%
Total sales	5,925	5,866	59	1.01%	11,917	12,231	(314)	(2.57%)
Cost of sales	5,411	5,057	354	7.00%	10,800	10,637	163	1.53%
Gross profit	514	809	(295)	(36.46%)	1,117	1,594	(477)	(29.92%)
Profit (loss) on exchange rate	3	35	(32)	(91.43%)	19	54	(35)	(64.81)
Other income	49	50	(1)	(2.00%)	77	72	5	6.94%
Selling expenses	137	122	15	12.30%	267	254	13	5.12%
Administrative expenses	69	59	10	16.95%	122	121	1	0.83%
Loss on reduction of inventory to net realizable value received (Reversal)	(2)	(5)	3	60.00%	(2)	(32)	30	93.75%
Financial cost	1	1	-	-	2	2	-	-
Profit before income tax expenses	361	717	(356)	(49.65%)	824	1,375	(551)	(40.07%)
Income tax expenses	67	128	(61)	(47.66%)	159	214	(55)	(25.70%)
Net profit attributable to equity holders of the Company	280	582	(302)	(51.89%)	638	1,140	(502)	(44.04%)
Non-controlling interests of the subsidiaries	15	7	8	114.29%	27	21	6	28.57%

In the second quarter of 2019, the Company and its subsidiary had a net profit Baht 280 million, decreased by Baht 302 million or 51.89% from Baht 582 million when compared to the same quarter of 2018. The main reasons were;

1. Sales Revenues

The Company and its subsidiary had sales revenue of Baht 5,925 million, increased by Baht 59 million or 1.01% from Baht 5,866 million when compared to the same quarter last year. The sales revenue of the Company was from sales of products Baht 5,802 million, increased by Baht 25 million or 0.43% from Baht 5,777 million when compared to the same quarter last year, mainly resulted from;

- **Revenue from sales of soybean meal and other animal feed ingredients** grew from the same quarter last year, mainly driven by higher sales volume of soybean meal due to an enhanced efficiency in production process which help to deliver more products to customers. However, domestic soybean meal selling prices had decreased in accordance with the price of soybean meal in the global market.
- **Revenue from sales of refined soybean oil** was similar to the same quarter last year. Sale volumes increased about 10% while selling price decreased along with international market price. In addition, domestic palm oil prices remained under pressured due to the oversupply situation and resulted in price competition in the vegetable oil market. However, the government introduced measures to support domestic palm oil prices which in the future could help support the rise of soybean oil prices.
- **Revenue from sales of packaging materials** increased, due to continues growth of Preform's sales as well as packaging material in juices and seasoning segment.

2. Cost of Sales and Gross Profits

The Company and its subsidiary's cost of sales was Baht 5,411 million, increased by Baht 354 million or 7.00% from Baht 5,057 million when compared to the same quarter of 2018. The main reasons were;

- **Cost of Sales and Gross Profits of the Company:** The cost of sales of the Company increased in accordance with higher sales volume of soybean meal, animal feed ingredients and refined soybean oil which resulted in more than 10% increase in soybean intake when compared to the same quarter last year. Meanwhile, unit cost of soybean decreased in accordance with lower soybean price in international soybean prices which resulted from the unsuccessful trade negotiation between U.S. and China. Soybean meal prices in the international market also decreased along with lower soybean prices and pressured the Company's gross profit down from Baht 809 million to Baht 514 million, decreased by Baht 295 million or 36.46% the same quarter last year.

- **Cost of Sales and Gross Profits of the Company's subsidiary:** Cost of sales of the Company's subsidiary resulted increased in accordance with higher sales volume. Meanwhile, an efficient cost management of plastic resin led to higher gross profit and gross profit margin of the Company's subsidiary when compared to the same quarter last year.

3. Gain on Exchange Rate

The Company had been successful in managing and hedging against exchange rate risk which resulted in a net gain on exchange rate totaling Baht 3 million in the second quarter of 2019. This amount aggregated of a realized gain on exchange rate of Baht 9 million and unrealized loss on Mark-to-Market (MTM) of Baht 6 million.

4. Selling and Administrative Expenses

The Company and its subsidiary's selling expenses was Baht 137 million, increased by Baht 15 million or 12.30% from Baht 122 million when compared to the same quarter last year due to an increase of employee benefits reserved according to the Labour Protection Act (No.7) B.E. 2562 which required to set addition compensation in case of employment of employee who has served 20 years or more to be compensated at a rate equivalent to 400 days of the final wages. Export expenses also increased along with higher export sales volume.

Administrative Expenses was Baht 69 million, increased by Baht 10 million or 16.95% from Baht 59 million when compared to the same quarter last year. This was due to an increase of employee benefits reserved according to the Labour Protection Act (No.7) B.E. 2562 and donation to purchase medical equipment for public hospital.

5. Loss on reduction of inventory to net realizable value received (Reversal)

In quarter 2/2019, the Company recorded a reversal loss reduction of inventory to net realized value received Baht 2 million in some product items

Conclusion of the operational performance of six-month period ended June 30, 2019

For the first half of 2019, the Company and its subsidiary had total sales revenue of Baht 11,917 million, decreased by Baht 314 million or 2.57%. Total cost of sales was Baht 10,800 million, increased by Baht 163 million or 1.53%. Gross profit was Baht 1,117 million, decreased by Baht 477 million or 29.92%. The selling expense was Baht 267 million, increased by Baht 13 million or 5.12%. The administrative expense was Baht 122 million, increased by Baht 1 million or 0.83%. Overall, the Company and its subsidiary had a net profit of Baht 638 million, down by Baht 502 million or 44.04% when compared to the same period last year.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Bowon Vongsinudom', written in a cursive style.

(Mr. Bowon Vongsinudom)

Chief Executive Officer and President