

February 19, 2020

President Bakery Public Company Limited would like to submit the report of Management Discussion and Analysis for the year ended 31 December 2019 which has been audited by the auditor. The financial statement of the Company, as shown by equity method, records changes in the operating results from the previous year. The Company would like to clarify such significant changes as below,

Performance of the Company

(Unit: Million Baht)

	2019		2018		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Sales	7,743.97	98.67	7,495.57	98.96	248.40	3.31
Total revenues	7,848.62	100	7,574.57	100	274.05	3.62
Cost of Sales	4,143.42	53.51	4,294.41	57.29	(150.99)	(3.52)
Gross Profit	3,600.55	46.49	3,201.16	42.71	399.39	12.48
Selling and Administrative expenses	1,791.63	22.83	1,677.37	22.14	114.26	6.81
Profit for the period	1,700.74	21.67	1,431.35	18.90	269.39	18.82
Earnings per share (Baht)	3.78		3.18		0.60	18.87

Remark: Percentage in Statement of comprehensive income derived from total revenues, while percentage of cost of sales and gross profit from sales

1. Operating Results

1.1 Sale Revenue

The Company recorded total sales revenue of Baht 7,743.97 million and Baht 7,495.57 million in 2019 and 2018 respectively, increasing by Baht 248.40 million or by 3.31% from the previous year, as a result of the Company's continuous sales promotion activities.

1.2 Cost of Sales

The cost of sales of the Company in 2019 stood at Baht 4,143.42 million, or decreasing by 3.52% from the previous year, due to the effective control and production cost management, causing lower production cost. For the increase in the amount of production expense from Natural Gas using in production process has decreased in price from the previous year. As a result, the gross profit margin of the Company stood at 46.49%, increasing from 42.71% in a year earlier.

1.3 Selling and Administrative Expenses

The selling and administrative expenses in 2019 amounted to Baht 1,791.63 million, accounting for 22.83% of total income, increasing by 6.81% from the previous year. The selling and administrative expense was increasing from advertising and sales promotion expense, due to the Company's continuous advertising and sale promotion activities to encourage effective product distribution to our customers.

1.4 Profit for the period

The Company recorded the net profit of Baht 1,700.74 million, or increasing by 18.82% from the previous year. The Company maintained the net profit ratio at 21.67% of total income. Share of income from investment in joint venture at amount of Baht 4.12 million in 2019.

Financial Position of the Company

(Unit: million Baht)

	December 31, 2019		December 31, 2018		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Total Assets	9,480.09	100	8,690.27	100	789.82	9.09
Total Liabilities	1,110.72	11.72	1,269.13	14.60	(158.41)	(12.48)
Shareholders' Equity	8,369.37	88.28	7,421.14	85.40	948.23	12.78
Total Liabilities and Shareholders' Equity	9,480.09	100	8,690.27	100	789.82	9.09

2. Financial Position

2.1 Assets

The total assets of the Company as of December 31, 2019 amounted to Baht 9,480.09 million, increasing by Baht 789.82 million from December 31, 2018. The asset of the Company was mainly attributed to current assets of Baht 3,993.36 million, accounting for 42.12% of total assets. Major increase of current assets, resulted from increasing cash and cash equivalents, short-term investment. The Company to purchase ordinary shares of Saha Capital Tower Co., Ltd., the Company's investment proportion was 10 percent of Baht 2,000 million registered capital and 25 percent of the investment amount and payment for share subscription of Baht 50 million in September 2019.

In addition, the trade and other receivables amounted to Baht 925.40 million by 9.76% of total assets, decreasing by 2.24% from the previous year, resulting from Modern Trade and large distributors, were paid on schedule, and the amount of long-time trade receivables of the Company was lower

2.2 Liabilities

The liabilities of the Company as of December 31, 2019 totaled to Baht 1,110.72 million, accounting for 11.72% of total Liabilities and Shareholders' Equity and decreasing by 12.48% from December 31, 2018, due to the Company announced the cancellation of the staff deposits, which will be effective on 1 January 2020 and the financial lease, some part being matured of the previous agreement. As a result, the debt to equity ratio of the Company was at 0.13, lower from 0.17 as of December 31, 2018.

2.3 Shareholders' Equity

The shareholders' equity of the Company as of December 31, 2019 stood at Baht 8,369.37 million, accounting for 88.28% of the total of Liabilities and Shareholders' Equity. The shareholders' equity increased by Baht 948.23 million from December 31, 2018 as a result of net profit of Baht 1,700.74 million and dividend payment of Baht 747 million. As a result, the book value of the Company stood at 18.60 Baht per share, increasing from 16.49 Baht per share in 2018, and the return on equity was at 21.54%.

3. Liquidity Position

The net cash flow from operating activities of the Company in 2019 amounted to Baht 2,154.88 million, increasing by Baht 202.09 million or by 10.35% from the previous year.

The net cash flow from investing activities totaled to Baht 1,041.76 million, decreasing by Baht 598.62 million. Resulted from higher cash received from sales of short-term investments.

The net cash flow from financing activities was a Baht 899.68 million, increasing by Baht 143.77 million or by 19.02%, due to the Company announced the cancellation of the staff deposits, which will be effective on 1 January 2020 and dividend payment of Baht 747 million.

The Company recorded cash and cash equivalents of Baht 366.62 million as of December 31, 2019, increasing by Baht 213.43 million.

As at 31 December 2019, the Company maintained the current ratio at 3.69 and average day sales at 1 day. In addition, the average days of debt collection stood at 43 days, and the average days of debt repayment was at 69 days. As a result, the cash cycle of the Company was at 25 days.

To be informed accordingly,

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(Ms. Petcharat Anantawichai)

Director and Senior Management Accounting Department
and Finance Department Manager

Company Secretary