



Ref. FPI.001/2020

25 February 2020

Subject : Management Discussion & Analysis of Performance Results of the year ended 2019  
To : Board of Directors and President of The Stock Exchange of Thailand

Fortune Parts Industry Public Company Limited (“FPI” or “The Company”) would like to submit the annual financial statements for the year ended 31 December 2019 which has been audited by certified public auditor as follows:

Overall performance results of the Company for the year ended 31 December 2019, compared to the same period of the previous year were highlighted as below;

(Unit : Million Baht)

**Separate financial statements**

	<u>2019</u>	<u>2018</u>	<u>% Change</u>
Sales and Service Income	2,055.48	1,892.88	8.59
Cost of Sales and Services	1,647.83	1,572.51	4.79
Selling and Administrative Expenses	176.25	171.57	2.73
Finance Cost	20.73	26.69	(22.33)
Net Profit	192.09	129.08	48.81

(Unit : Million Baht)

**Financial statements in which equity method is applied**

	<u>2019</u>	<u>2018</u>	<u>% Change</u>
Sales and Service Income	2,055.48	1,892.88	8.59
Cost of sales and Services	1,647.83	1,572.51	4.79
Selling and Administrative Expenses	176.25	171.57	2.73
Share of profit (loss) from investments in joint ventures	(5.30)	(3.53)	50.14
Finance Cost	20.73	26.69	(22.33)
Net Profit	186.79	125.55	48.78

### **Total Revenues**

In 2019 and 2018, total revenues of the Company were Baht 2,073.19 million and Baht 1,919.74 million, respectively, which increased by Baht 153.45 million or increased by 7.99%. Sales and service income for 2019 amounted to Baht 2,055.48 million increased by Baht 162.60 million or increased by 8.59%. This was mainly due to the increased in export sales in Asian and The Middle East zones by Baht 138 million or increased by 17%. In prior year, these zones are facing economic problems. However, in this year, the sales soared as the economy is getting better and there is a higher demand of automotive parts in the country. Moreover, the domestic sales increased by Baht 68 million or increased by 23% from the sales of OEM of Toyota, Daihatsu, Mitsubishi and Mazda BT50. The company also sell products to the customer in Thailand who exports the product to Japan. What is more, the revenue in South America zone increased by 19% in which one of the main customers in South America expanded more branches and the new policy of the Company to sell products to only one customer in some country where the customer has high market shares in automotive product which lead to increase in the sales volume in this zone.

However, the Company's revenue was affected by the appreciation of exchange rate of 3.4% from an average of 32.06 per 1 Dollar in 2018 to 30.98 per 1 Dollar in 2019. Nevertheless, the Company could maintain the growth rate of revenue of 8.59%.

### **Cost of Sales and Services**

In 2019 and 2018, total cost of sales and services of the Company, which is accounted for Baht 1,647.83 million and Baht 1,572.51 million, respectively, increased by Baht 75.32 million or 4.79%. This is mainly because of the increased in direct labor and overhead for manufacturing costs. However, the Company could manage to reduce the percentage of revenue and cost of sales comparing to the same period last year.

### **Selling and Administrative Expenses**

For the period ended 31 December 2019, the Company's selling and administrative expenses increased by Baht 4.68 million or 2.73% from Baht 171.57 million 2018 to Baht 176.25 in 2019. The main reason is from the increase in selling expenses amounting to Baht 5.07 million which is in line with the increase in sales revenue. However, the percentage of selling and administrative expense and revenue in 2019 has declined comparing to 2018.

### **Financial Cost**

In 2018 and 2019, the finance cost of the Company was Baht 20.73 million and Baht 26.69 million, respectively, which reduce by Baht 5.96 million or 22.33% because the Company could manage and obtain cheaper source of finance than the prior period.

### **Net Profit**

In 2019 and 2018, net profit of the Company which were amounting to Baht 192.90 million and Baht 129.08 million, respectively, increased by Baht 63 million or increased by 48.81%. This was mainly because the increase in sales and service income, decrease in cost of sales, selling and administrative expense and finance cost. Furthermore, for period ended 31 December 2019, the Company has net profit of Baht 186.79 million which is more than the profit for the year ended 31 December 2019.

For Financial statements in which the equity method is applied in 2019 and 2018 have net profit of Baht 186.79 million and Baht 125.55 million, respectively which increased by Baht 61.24 million or increased 48.45%. For share of loss from investments in joint ventures in the period ended 31 December 2019, the balance of Baht 5.30 million and Baht 3.53 million respectively were described as followed:

1. SAFE Energy Holdings Company Limited ("SAFE") is the joint venture that the Company holds 33.37%. Currently, the project has commenced the operation of biomass gasification power plant of 7.5 MW of Prize of Wood Green Energy Co., Ltd. (PWGE). SAFE invests 99.99% in PWGE, 49% in Bina Puri Power (Thailand) Co., Ltd., and 100% in SAFE Biomass Co., Ltd. For the period ended 31 December 2019, the Company recognized the profit from investment in joint venture of Baht 12.78 million

2. FORTUNE-PARTS INDUSTRY ECUADOR CIA.LTDA., the joint venture of FPI, was held 45% by the Company. For period ended 31 December 2019, the Company recognized loss from investment in joint venture of Baht 0.11 million.

3. ALP FPI PARTS PRIVATE LIMITED. the Company holds 45% as a joint venture. The Company recognized loss from investment in joint venture of Baht 18.19 million in the period ended 31 December 2019.

## **Financial Position (in comparison to as of 31 December 2018)**

Overall financial position of the Company as of 31 December 2019, compared to the statement of financial position as of 31 December 2018, the balance of total assets which were Baht 2,758 million and Baht 2,553 million, respectively, increased by Baht 205 million, or increased by 8.03% due to the following reasons.

### **Total Assets**

As at 31 December 2019, total assets were Baht 2,758 million, increased by Baht 205 million from the balance at the ended of 31 December 2018. This were mainly because the increase in trade receivable and other receivable and property, plant and equipment, and intangible assets increased as the company bought fixed assets and software to use in the operation during the period.

### **Total Liabilities**

Total liabilities increased by Baht 267 million from Baht 1,143 million as at 31 December 2018 to Baht 876 million as at 31 December 2019. It was mainly because the increased in short-term loans from packing credit, letter of credit and trade payable of buying raw material for manufacturing, and accrued income tax.

### **Shareholders' Equity**

As at 31 December 2019, shareholders' equity was Baht 1,616 million, which decreased by Baht 62 million from Baht 1,678 million as at 31 December 2018. This is mainly due to the net profit from operating for the period by Baht 186.79 million, treasury stock of Baht 103 million, and dividend payment of Baht 134 million.

Please be informed accordingly.

Yours sincerely,

Mr. Sompol Tanadumrongsak  
Managing Director