



Management Discussion and Analysis For the year ended 31 December 2019

1. Operating Results

1.1 Sales Revenue

The Company achieves total sales income for the year 2019 at the amount of Baht 23,999.08 million, increasing by Baht 1,562.19 million or 6.96% as compared to the same period of the year 2018. Such total sales income consists of the sales volume of President Bakery Plc. (PB) at the amount of Baht 7,743.87 million, equal to 32.27% of the total sales volume. The sales volume for the Company only (TFMAMA) has an increasing growth from the same period of the previous year by 9.41%. The key reason is from the sales volume of new products and the growth of foreign market. At the same time, the sales volume of PB has increased by 3.31% due to the company has marketing activity continuously.

1.1.1 Sales Revenue Classified by Products

The revenue structure of the Company is summarized as following

Product Line	Business Group	Operated by	% Shareholding	Sales Revenue					
				Year ended on Dec 31, 2019		Year ended on Dec 31, 2018		Year ended on Dec 31, 2017	
				Million Baht	%	Million Baht	%	Million Baht	%
Instant Noodles and Semi-finished Food	Food	Thai President Foods Plc (TFMAMA)	-	13,126	54.69	11,961	53.11	11,273	52.11
		Kallol Thai President Foods (BD) Ltd.	55.00						
		Thai President Foods (Hungary) Kft. (Hungary)	65.00						
		President Kourakuen Co., Ltd.	70.00						
		Ayeyarwaddy Success Venture Foods Co., Ltd.	51.00						
Bakery	Food	President Bakery Plc.	51.99	7,744	32.27	7,495	34.40	7,449	34.44
Biscuit	Food	Thai President Foods Plc (TFMAMA)	-	856	3.57	852	3.80	873	4.04
Fruit Juice	Food	Taisun Foods Co., Ltd.	52.08	1,013	4.22	975	4.35	890	4.11
Packaging	Packaging	Thai Anbao Paper Products Co., Ltd.	51.00	1,076	4.48	983	4.38	1,023	4.73
		Dai-Ichi Packaging Co.,Ltd.	50.10						
Other	Raw material	President Flour Mill Co.,Ltd.	60.00	184	0.77	171	0.76	123	0.57
	Investing	President D Venture Co.,Ltd.	70.00						
	Agent	President Interfood Co.,Ltd.	59.67						
Total				23,999	100.00	22,437	100.00	21,631	100.00

1.1.2 Sales Revenue Classified by Product type and Market location of each Company

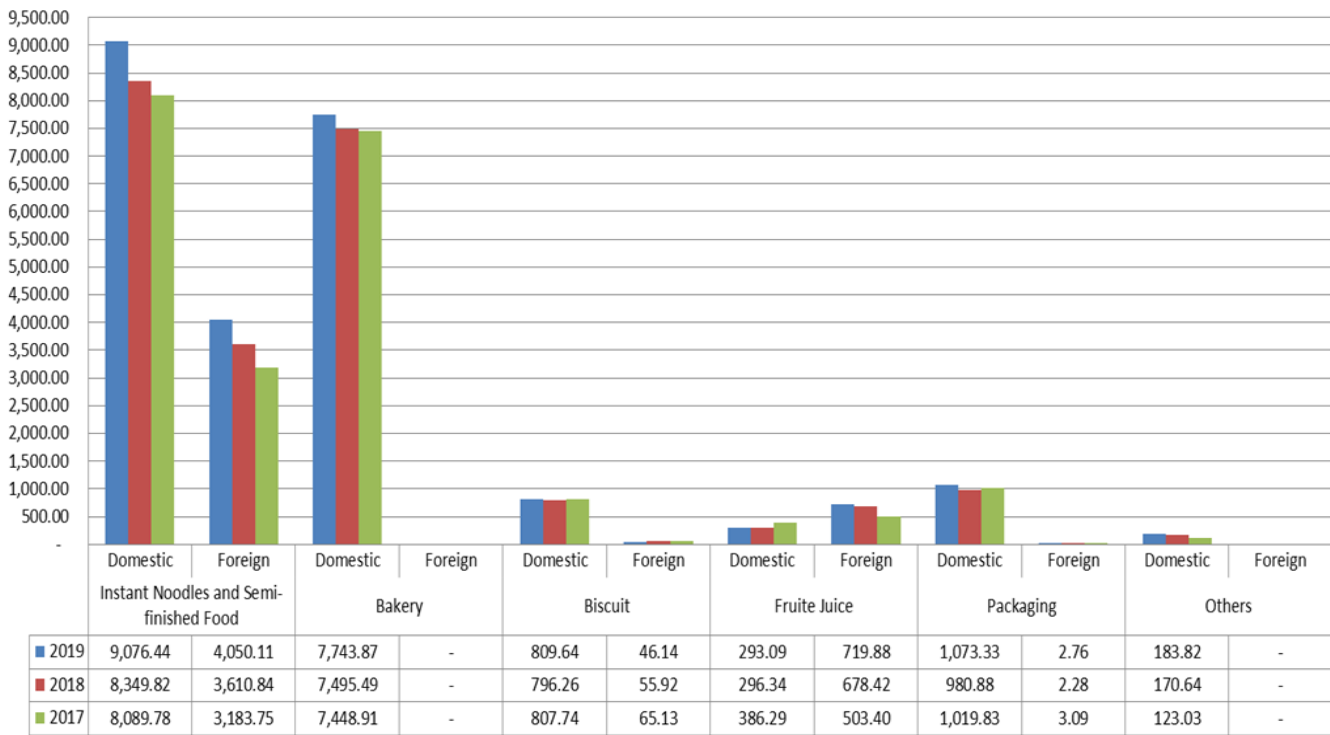
- Instant Noodles and Semi-finished Food

Domestic Market

The growth rate for the period ended 31 December 2019 is 8.70% as compared with the previous year. The instant noodles grew by 8.13%, while white noodle, porridge and boiled rice increased by 13.67% due to the development of products and continuous marketing activities. Apart from that, the company designed new products which receive good responses from the consumer.



Sales Revenue Classified by Product Type (Unit : Million Baht)



Foreign Market

The growth rate for the period ended 31 December 2019 is 12.17% as compared with the previous year. The instant noodles grew by 13.52% and white noodle, porridge and boiled rice has growth rate of 6.14%. The sales volume for the market in Asia Region still have the highest ratio per sales volume, while the North America and European market has good expansion, which because of the effect from the adjustment of marketing strategies and the arrangement of sales promotional activities with the sales representative in foreign countries, so the products of the company become well known and accepted in world market.

▪ **Bakery**

The sales revenue of bakery products for the year ended on Dec 31, 2019 increased by 3.31% from the previous year. The Company has performed continuous advertising and sales promotion activities in order to encourage sales volume and to distribute our products to widen customers.

▪ **Other Products**

For the overall sales volume of other products which consists of the goods on biscuit category, packaging, fruit juice, etc. for the period ended 31 December 2019 has the growth rate at 4.96%. The sales volume of fruit juice in foreign county has expanded greatly, while the goods on biscuit category and packaging has an increased sales volume due to the new products launching and penetration marketing strategy.



1.2 Cost of Sales

Cost of sales for the period of year 2019 is Baht 15,300.60 million, increased by Baht 772.27 million or 5.32% as compared to the same period of the previous year since the use of raw materials and packaging in production has increased as per the sales volume. However, the decreasing in palm oil price caused the ratio of cost of sales to the sales income lower than the previous year by 1.00% and stood at 63.75%

1.3 Selling and Administrative Expenses

The selling and administrative expenses totaled to Baht 3,824.53 million, increasing by Baht 196.75 million or by 5.42% from the previous year. The higher expense was attributed to higher employee benefit provision which comply to the Labor Protection Act (Issue 7) BE. 2562, selling property expenses of a Subsidiary, and higher remuneration of the employees according to increasing number of employee and salary base. However, the ratio of selling and administrative expenses to total sales revenue ratio was at 15.94%, slightly decreasing from the previous year.

1.4 Net Profit

The net profit, in the part of shareholders' equity of the Company, for the year stood at Baht 3,943.07 million, increasing by Baht 538.67 million or by 15.82% from the previous year. The Company maintained the profit margin at 15.77% of total income. Meanwhile, The net profit for the Company only (TFMAMA) stood at Baht 2,935 million, increasing by 13.67%, which consist of the operation profit amounted to Baht 2,234.17 million (increasing by 8.20%), profit from investment in associates companies and Private fund amounted to Baht 624.42 million (increasing by 37.54) and Baht 76.41 million (increasing by 20.67) accordingly.

2. Financial Position

2.1 Assets

Total assets of the Company as of Dec 31, 2019 amounted to Baht 34,253.43 million, increasing by Baht 3,411.86 million or by 11.06% from the previous year. The main assets of the Company consisted of the fixed assets of Baht 19,886.08 million, accounting for 58.06% of total assets, and the current assets of Baht 14,367.35 million, accounting for 41.94% of total assets. The increasing assets of the Company was mainly attributed to increasing current investment as a result of higher operation profit.



The trade account receivable of the Company in 2019 stood at Baht 3,635.62 million, accounting for 10.61% of total assets and decreasing by 1.57% from the previous. The major trade account receivable from domestic market of the Company was due from Sahapathanapibul PCL, whereas the average debt collection period was at 56 days, or decreasing by 4 day from the previous year. In addition, the Company had set aside the allowance for doubtful accounts by Baht 21.52 million, which was sufficient to cover the account receivable due longer than 3 months. In overall, the trade account receivable of the Company was mostly paid on schedule. Although a few foreign accounts were paid overdue, such delayed payment constituted an insignificant portion, when compared with total trade accounts.

The inventory of the Company in 2019 amounted to Baht 1,454.72 million, accounting for 4.25% of total assets and increasing by 5.73% from a year earlier. In addition, the average shelf life of instant noodles products stood at 180 days, whereas the average days sales was at 34 days.

2.2 Liability

Total liability of the Company as of Dec 31, 2019 amounted to Baht 4,208.69 million, increasing by Baht 190.07 million or by 4.73% from the end of 2018 as a result of increasing amount of outstanding liability and accrued expenses because the Company had undue liability obligation and higher employee benefit provision. However, most liability of the Company was current liability, whereas the long-term liability was accounted for 26.27% of total liabilities. Meanwhile the debt to equity ratio of the Company was at 0.18 time.

2.3 Shareholders' Equity

The shareholders' equity of the Company as of Dec 31, 2019 amounted to Baht 30,044.74 million, increasing by Baht 3,221.78 million or by 12.01% from the end of 2018 because of net profit in the period. In 2019, the Company recorded the dividend payment for the second half-year of 2018 at Baht 662.71 million, and the interim dividend payment for the period ended on June 30, 2019 at Baht 745.13 million. In addition, the book value of the Company increased by 9.77 Baht per share from 81.35 Baht per share to 91.12 Baht per share, or rising by 12.01% from the preceding year.

3. Liquidity Position and Suitability of Capital Structure

3.1 Liquidity Position

The net cash from operating activities of the Company in 2019 amounted to Baht 5,543.24 million, whereas the net cash used for investing and financing activities amounted to Baht 3,945.66 million and Baht 1,593.95 million respectively. The Company, as of Dec 31, 2019, recorded net cash and cash equivalent of Baht 3,320.23 million, decreasing by Baht 24.34 million from 2018. The important details were summarized as follows,



The cash inflow from operating activities totaled to Baht 5,543.24 million, mainly due to the operating profit before tax of Baht 5,872.27 million. The Company used Baht 3,945.66 million for investing activities, mostly in short-term and long-term investment by placing excessive cash into deposit in the financial institutions. The Company also purchased additional machinery and equipment. In addition, the cash paid for financing activities was at Baht 1,593.95 million, mainly due to the dividend payment of Baht 1,407.08 million. However, the Company was able to maintain strong liquidity ratio. The current ratio and the quick ratio of the Company in 2019 stood at 4.63 and 4.15 times respectively, increasing from the ratio in the previous year. Meanwhile, the cash cycle of the Company was at 45 days.

3.2 Suitability of Capital Structure

The Debt to shareholders' equity ratio of the Company as of Dec 31, 2019 was low at 0.18 time, while the interest coverage ratio was high at 534.82 times, thus reflecting the stability of capital structure and strong capability of debt service of the Company.

4. Remuneration to the Auditor (Separate financial statements)

The Company paid for the remuneration to the Auditor as following,

- 4.1 The Auditing Fee amounted to 2,900,000 Baht
- 4.2 The Other Fees consisted of
 - 4.2.1 The auditing fee for specific requirement as prescribed by the investment promotion certificate of the Board of Investment amounted to 800,000 Baht

Please kindly be informed accordingly

Your sincerely,

(Miss Sararath Tangsirimongkol)
Accounting Manager and Company Secretary