

May 13, 2020

President Bakery Public Company Limited would like to submit the report of Management Discussion and Analysis (MD&A) for Operating Result in Q1/2020 ended on March 31, 2020 which has been reviewed by the auditor. The financial statement of the Company, as shown by equity method, records represents more than 20% changes in the operating results from the same period last year. The Company would like to clarify such significant changes as below,

Performance of the Company

(Unit: million Baht)

	Q1/2020	%	Q1/2019	%	Increase (Decrease)	
					Amount	%
Sales	1,792.91	98.69	1,802.16	98.88	(9.25)	(0.51)
Total revenues	1,816.72	100	1,822.53	100	(5.81)	(0.32)
Cost of Sales	937.73	52.30	1,005.12	55.77	(67.39)	(6.70)
Gross Profit	855.18	47.70	797.04	44.23	58.14	7.29
Selling and Administrative expenses	415.85	22.89	438.20	24.04	(22.35)	(5.10)
Profit for the period	413.32	22.75	338.81	18.59	74.51	21.99
Profit for the period (Baht)	0.92		0.75		0.17	22.67

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 Sales Revenue

The Company recorded total sales revenue of Baht 1,792.91 million and Baht 1,802.16 million in Q1/2020 and Q1/2019 respectively, or decreasing by 0.51%.

1.2 Cost of Sales

The cost of sales of the Company in Q1/2020 stood at Baht 937.73 million, or decreasing by 6.70% from the same quarter last year, due to lower price of major raw materials and the Company has managed cost control efficiently, the cost of sales to total sales ratio to be at 52.30% in Q1/2020, decreasing from 55.77% in the same quarter last year. As a result, the gross profit margin of the Company stood at 47.70% increasing from 44.23% in the same quarter last year.

1.3 Selling and Administrative Expenses

The selling and administrative expenses in Q1/2020 amounted to Baht 415.85 million, accounting for 22.89% of total income, decreasing by 5.10% from the same quarter last year. The selling and administrative expense was decreasing due to lower fuel cost for transportation from the previous year in the same quarter, lower depreciation of vehicles under financial lease and sales promotion expense which decreased from the same quarter of the previous year.

1.4 Net Profit

The Company gained the net profit of Baht 413.32.million for the quarter ended on March 31, 2020, or increasing by 21.99% from the same period last year due to lower cost of sales and expenses. Moreover, the Company has recognized the share of loss from investment in joint venture for the 1st quarter of year 2020 in the amount of Baht 0.38 million.

Financial Position of the Company

(Unit: million Baht)

	March 31, 2020	%	December 31, 2019	%	Increase (Decrease)	
					Amount	%
Total Assets	9,963.60	100	9,480.09	100	483.51	5.10
Total Liabilities	1,065.88	10.70	1,110.72	11.72	(44.84)	(4.04)
Shareholders' Equity	8,897.72	89.30	8,369.37	88.28	528.35	6.31
Total Liabilities and Shareholders' Equity	9,963.60	100	9,480.09	100	483.51	5.10

2. Financial Position

2.1 Assets

The total assets of the Company as of March 31, 2020 amounted to Baht 9,963.60 million, increasing by Baht 483.51 million from December 31, 2019. Main asset of the Company comprised of current assets by 43.97% of total assets and non-current assets by 56.03% of total assets. The increase in current assets resulted from increasing cash and cash equivalents by Baht 302.61 million.

The trade and other receivables of the Company accounted for 8.48% of total assets, decreasing by Baht 80.43 million from 2019 because the most of account receivables were paid on due.

Other non-current financial assets of the Company has increased by Bath 176.50 million baht due to the payment of Saha Capital Tower Company Limited's ordinary shares of Bath 60 million, including the classification and fair value measurement of financial assets in accordance with TFRS 9 as well as the implementation of TFRS 16. As a result, the Company has right-of-use assets totaled to Baht 75.50 million.

2.2 Liabilities

The liabilities of the Company as of March 31, 2020 totaled to Baht 1,065.88 million, accounting for 10.70% of total Liabilities and Shareholders' Equity and decreasing by 4.04% from December 31, 2019. As a result, the debt to equity ratio of the Company was at 0.12 lower from 0.13 as of December 31, 2019.

From the implementation of TFRS 16, the Company has categorized and recognized the liability from the financial lease which increasing by Baht 17.60 million, and deferred income tax liabilities which increasing by Baht 21.60 million, mainly due to fair value measurement of financial assets in accordance with TFRS 9.

2.3 Shareholders' Equity

The Shareholders' Equity of the Company as of March 31, 2020 amounted to Baht 8,897.72 million, accounting for 89.30% of Liabilities and Shareholders' Equity and increasing by Baht 528.34 million from December 31, 2019, resulting from the operating profits for other components of the Shareholders' Equity, increasing by Baht 132.50 million due to the implementation of Financial Reporting Standard No.9. As a result, the book value of the Company stood at 19.77 Baht per share, increasing from 18.60 Baht per share in 2019.

3. Liquidity Position

The net cash from operating activities of the Company in Q1/2020 ended on March 31, 2020 amounted to Baht 506.13 million, increasing by Baht 82.45 million or by 19.46% from the previous year because of higher profit.

The net cash used in investing activities totaled to Baht 192.98 million, increasing by Baht 89.94 million, because the Company has purchased plots of land for the construction 2 distribution centers.

As a result, the Company recorded cash and cash equivalents of Baht 669.23 million as of March 31, 2020, increasing by Baht 302.61 million.

As of March 31, 2020, the Company maintained the current ratio at 4.73, and the average days sales at 1 day. Meanwhile, the average days of debt collection of the Company stood at 45 days, and the average days of debt repayment was at 68 days. As a result, the cash cycle of the Company was at 22 days.

This is to be informed for your acknowledgement

.....

(Ms. Petcharat Anantawichai)

Director and Senior Management Accounting Department
and Finance Department Manager

Company Secretary