



STARFLEX
PUBLIC COMPANY LIMITED

13 May 2020

Re Management Discussion and Analysis for the 3 month period ended 31 March, 2020

Attn. The President
The Stock Exchange of Thailand (SET)

Starflex Public Company Limited ('the Company') would like to notify the operating results stated in financial statements for the first quarter ended 31 March 2020. The details will be shown as follows.

Operational reports

In Q1/2020, the total revenues were 341.64 million, decreased by 0.39% compared to total revenues 342.97 million in Q1/2019. Total revenues are comprised of 'Revenues from Sales' and 'Other incomes'. The significant changes of these revenues can be described as follows:

Revenues from Sales

In Q1/2020, the company has earned Revenues from Flexible Packaging 338.96 million; which were comprised from Non-food packaging of 272.36 million, equaled to 80.35% of total revenues from Sales; and from Food packaging of 66.59 million, equaled to 19.65% of total revenues from Sales. Comparing to performance of the same period in 2019, the company earned 340.26 million from selling Flexible packaging, of which were comprised of Non-food packaging sales about 283.32 million, or 83.27% of total revenues from Sales, and comprised of 56.94 million from Food packaging sales or 16.73% of total revenues from Sales.



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Other Incomes

In Q1/2019, other incomes were 2.69 million (include earning from exchange rate), comprised of revenues from selling waste 1.28 million, from 'Sample for Sales' 0.31 million, from 'gain on exchange' 0.66 million, and others 0.45 million. Other incomes of Q1/2019 increased 67.06% from Q1/2019.

Costs and Expenses

In Q1/2019, Cost of goods sold were 259.28 million, or equal to 76.49% of Revenues from Sales. Therefore, the Gross Profits margin were 23.51%, compared to Q1/2019 at 18.95%. The increasing of Gross margin during the first quarter of 2020, mainly due to the efficient improvement of product cost management, especially more efficiently management in cost of raw materials.

Selling and Administrative expenses

In Q1/2020, selling expenses were 7.16 million, or equaled to 2.12% of total sales; however, selling expenses has slightly decreased from 7.33 million of Q1/2019.

In Q1/2020, administrative expenses were 29.15 million, or equaled to 8.53% of total revenues; however, administrative expenses has increased from 25.46 million of Q1/2019. The administrative expenses increased during Q1/2020, were partly results of applied new accounting's policy—TFRS 16: Lease contract, and also the expenses on the new factory (Starflex#2) had not been booked until Q2/2019.

Net Profits

In Q1/2020, Net profits were 34.83 million, or equaled to 10.19% of total revenues; increased from 23.69 million, or 6.91% of Q1/2019. As mentioned before, the main reasons of the Net profits increasing were mainly from gaining more on the company's gross profits.



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Statement of Financial Position

Assets

In Q1/2020, the company had total assets of 1,333.33 million, where mainly comprised of 291.55 million of cash or equivalent, 268.82 million of Account receivables and other receivables, 250.48 million of Inventories, and 383.07 million of Property, Plant and Equipment.

Liabilities

In Q1/2020, the company had total liabilities of 468.68 million, decreased 101.95 million from the same period of 2019. The decreasing of liabilities in the first quarter of 2020, mainly due to the company has been paid 98.86 million of its Long-term debts.

Equities

In Q1/2020, the company had the equities of 864.65 million, increased 34.83 million from year end 2019 resulting from net profit of Q1's performance.

Yours Sincerely,

Somchai Wongrassamee
Chief Financial Officer
Starflex Public Company Limited



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