



บริษัท ธนพิริยะ จำกัด(มหาชน)

สำนักงานใหญ่ : 329 หมู่ 8 ตำบลบ้านดู่ อำเภอเมืองเชียงราย จังหวัดเชียงราย 57100

THANAPIRIYA PUBLIC COMPANY LIMITED

Head Office : 329 Moo 8 Ban Du, Muang Chiang Rai, Chiang Rai 57100 Thailand

6 August 2020

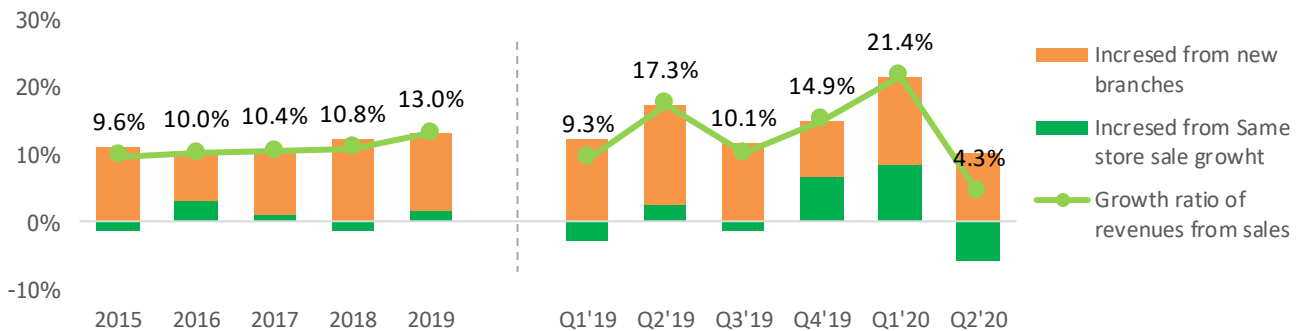
Subject Management Discussion and Analysis for the second quarter ended 30 June 2020
Attention Directors and Managers,
Stock Exchange of Thailand

Thanapiriya Public Company Limited (“The Company”) would like to clarify the organizational performance for the second quarter ended 30 June 2020 as the following detail.

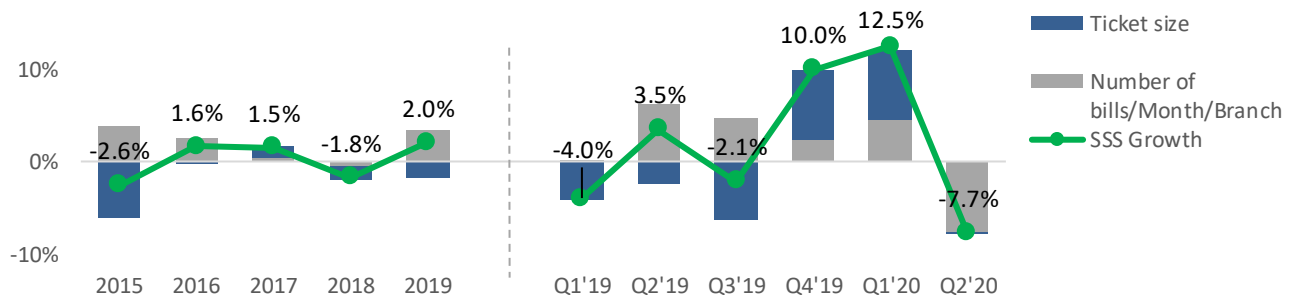
Operating performance overview for the second quarter ended 30 June 2020

Unit: Million Baht	Amount			Change QoQ		Change YoY		Amount		Change YoY	
	Q2/20	Q1/20	Q2/19	Amount	%	Amount	%	1H20	1H19	Amount	%
Revenues from sales	513.94	547.60	492.81	-33.65	-6.15	21.13	4.29	1,061.54	943.76	117.78	12.48
Cost of sales	430.88	460.26	420.65	-29.38	-6.38	10.24	2.43	891.14	807.99	83.15	10.29
Gross profits	83.06	87.34	72.16	-4.28	-4.90	10.90	15.10	170.40	135.77	34.63	25.52
- Gross profit margin	16.16%	15.95%	14.64%					16.05%	14.39%		
Other revenues	2.91	2.81	4.04	0.11	3.90	-1.12	-27.84	5.72	6.95	-1.23	-17.68
Sales and administrative expenses	51.48	51.31	51.24	0.16	0.32	0.24	0.47	102.79	99.02	3.78	3.81
Financial cost and income tax expense	6.35	7.27	4.05	-0.92	-12.68	2.30	56.68	13.63	6.87	6.75	98.17
Net profit	28.15	31.56	20.91	-3.41	-10.81	7.24	34.61	59.71	36.83	22.88	62.12
- Net profit margin	5.45%	5.73%	4.21%					5.59%	3.87%		

Overview of revenue growth from sales



SSS Growth





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The impact of Corona Virus (CODIVD-19) pandemic on The Company in second quarter of 2020

Although the declaration of an emergency decree and announcement of curfew regarding Corona Virus (CODIVD-19) pandemic to control the pandemic situation. However, The Company was able to open all stores with shorten the business operating hours. Also, the pandemic caused drop of purchasing power of consumers because of unemployment and discontinuance of other businesses as well as consumers changed their behavior to stay home as prevention from virus infection. Those factors directly caused purchasing power to decrease as the illustration of performance of second quarter as following details.

Revenue from sales

For 3-month period of second quarter 2020, The Company generated revenue from sales of Baht 513.94 million, increasing by Baht 21.13 million or 4.29% compared to same period of previous year. However, Same Store Sales growth of second quarter 2020 decreased by 7.7% as the result of the impact of Corona Virus (CODIVD-19) pandemic as early mentioned statement as well as sales of existing branches was surged in 2019 due to the government provided financial support to low-income citizen.

For 6-month period 2020, The Company generated revenue from sales of Baht 1,061.54 million, increasing by Baht 117.78 million or 12.48%. Such a significant increase was due to high revenue from sales and services in March 2020 from hoarding goods as the consequence of declaration of an emergency decree and announcement of curfew by the government as well as increasing in revenue from sales and services from branch expansion.

Cost of sales

For 3-month period of second quarter 2020, The Company identified total cost of sales of Baht 430.88 million, increasing by Baht 10.24 million or 2.43% compared to same period of previous year. The portion of total cost of sales to revenue from sales was 83.84%, decreasing by 1.52% compared to same period of previous year.

For 6-month period, The Company identified total cost of sales of Baht 891.14 million, increasing by Baht 83.15 million or 10.29%. The portion of total cost of sales to revenue from sales was 83.95%, decreasing by 1.66% compared to same period of previous year.

Gross profit

For 3-month period of second quarter 2020, The Company generated gross profit of Baht 83.06 million, increasing by Baht 10.90 million or 15.10%. The gross profit margin was 16.16%.

For 6-month period, The Company generated gross profit of Baht 170.40 million, increasing by Baht 34.63 million or 25.51%. The gross profit margin was 16.05%. The increase of gross profit was due to continuously branches expansion which could generate higher gross profit from sales of branches compared to selling activities from the head quarter as well as increase of supporting budget from suppliers based on growth performance of The Company.

Sales and administrative expenses

For 3-month period of second quarter 2020, the amount of sales and administrative expenses of the Company was Baht 51.48 million, increasing by Baht 0.24 million or 0.47%

For 6-month period, the amount of sales and administrative expenses of the Company was Baht 102.79 million, increasing by Baht 3.78 million or 3.81%. The rising expenses was identified as further selling expenses from expanded branches including employment expense from additional employees, depreciation, and facility expenses.



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Financial Cost and Tax expenses

As the adoption of Financial Reporting Standard Number 16 (TFRS16) since first quarter 2020, The Company had to recognized liability of rental agreement and recognition of interest charges from the liability as financial cost for 3-month period of second quarter 2020 of Baht 0.53 million and for 6-month period 2020 of Baht 1.05 million. For 3-month period of second quarter 2020, The Company had tax expenses of Baht 5.82 million, increasing by Baht 1.77 million and for 6-month period 2020, The Company had tax expenses of Baht 12.57 million, increasing by Baht 6.87 million. Such an increase was due to further growth of profit.

Net profit

For 3-month period of second quarter 2020, The Company generated net profit of Baht 28.15 million, increasing from the same period of previous year by Baht 7.24 million or 34.61% which net profit margin ratio was 5.45%. For the six-month period 2020, The Company generated net profit of Baht 59.71 million, increasing from the same period of previous year by Baht 22.88 million or 62.12% which net profit margin ratio was 5.59%. The amount of net profit increased due to the increase in sales as well as an increase of gross profit margin.

Financial position

Unit: Million Baht	As at	As at	Change	
	30 June 2020	31 December 2019	Amount	%
Total assets	974.82	869.38	105.44	12.13
Total liabilities	234.39	164.71	69.68	42.31
Total shareholders' equity	740.43	704.67	35.76	5.07

Assets

On 30 June 2020, the total assets of The Company were Baht 974.82 million, increased by Baht 105.44 million from the previous year or 12.13%. The major change in assets included property, plant and equipment increased by Baht 51.28 million was mainly from branches expansion as well as right of use assets increased by Baht 70.31 million as the adoption of TFRS16. Although, cash and cash equivalent decreased by Baht 14.90 million

Liabilities

On 30 June 2020, the total liabilities of the Company were Baht 234.39 million, increasing by Baht 69.68 million or 42.31% which the recognition of liability as the adoption of TFRS16 was Baht 66.47 million and accrued income taxes increased by Baht 2.24 million.

Shareholders' equity

On 30 June 2020, the total Shareholders' equity of the Company were Baht 740.43 million, increasing by Baht 35.76 million or 5.07%. The increase was mainly from total comprehensive income of 6-month period 2020 by Baht 59.76 million and decreasing by Baht 24.00 million from dividend payout.



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Submitted for your acknowledgement.

Best Regards,

(Mr.Thawatchai Phuttiyriya)
Managing Director