



STARFLEX
PUBLIC COMPANY LIMITED

10 AUGUST 2020

Re Management Discussion and Analysis for the 6 month period ended 30 June, 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 Second quarter ended 30 June 2020. The details will be shown as follows.

Operational reports

In Q2/2020, the total revenues were 324.75 million, increased by 16.39% compared to total revenues 279.90 million in Q2/2019. 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 Q2/2020, the company has earned Revenues from Flexible Packaging 319.12 million; which were comprised from Non-food packaging of 241.77 million, equaled to 75.76% of total revenues from Sales; and from Food packaging of 77.35 million, equaled to 24.24% of total revenues from Sales. Comparing to performance of the same period in 2019, the company earned 276.41 million from selling Flexible packaging, of which were comprised of Non-food packaging sales about 220.92 million, or 79.92% of total revenues from Sales, and comprised of 55.49 million from Food packaging sales or 20.08% of total revenues from Sales.



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Other Incomes

In Q2/2020, other incomes were 5.63 million (include 0.69 million gaining from exchange rate), comprised of revenues from selling waste 1.38 million, from 'Sample for Sales' 0.26 million, from 'gain on exchange' 0.69 million, from 'Compensation of goods' 1.26 million from 'Interest income' 1.10 million and others 0.94 million. Other incomes of Q1/2020 increased 51.68% from Q2/2019.

Costs and Expenses

In Q2/2020, Cost of goods sold were 248.28 million, or equal to 76.45% of Revenues from Sales. Therefore, the Gross Profits margin were 22.20%, compared to Q2/2019 at 15.47%. The increasing of Gross margin during the first quarter of 2020, mainly due to an increasing on sales volume and the efficient improvement of product cost management, especially more efficiently management in cost of raw materials.

Selling and Administrative expenses

In Q2/2020, selling expenses were 7.22 million, or equaled to 2.3% of total sales; however, selling expenses has slightly decreased from 2.5% of total sales in Q2/2019.

In Q2/2020, administrative expenses were 30.50 million, or equaled to 9.39% of total revenues; however, administrative expenses has increased from 27.50 million of Q2/2019. The administrative expenses increased during Q2/2020, 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 Q2/2020, Net profits were 30.08 million, or equaled to 9.25% of total revenues; increased from 6.42 million, or 2.3% of Q2/2019. 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 Q2/2020, the company had total assets of 1,317.80 million, where mainly comprised of 184.32 million of cash or equivalent, 255.84 million of Account receivables and other receivables, 290.93 million of Inventories, and 427.44 million of Property, Plant and Equipment.

Liabilities

In Q2/2020, the company had total liabilities of 482.32 million, decreased 74.19 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 Q2/2020, the company had the equities of 835.48 million, increased 5.65 million from year end 2019 resulting from net profit 67.15 million of 6 month performance and deducted 61.50 million of the dividend paid on Q2/2020

Yours Sincerely,

Somchai Wongrassamee
Chief Financial Officer
Starflex Public Company Limited



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