

August 11, 2020

President Bakery Public Company Limited would like to submit the report of Management Discussion and Analysis (MD&A) for Performance Result in Q2/2020 ended on June 30, 2020 which has been reviewed by the auditor. The financial statement of the Company, in which the equity method is applied, shows considerable change 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)

	Q2/2020	%	Q2/2019	%	Increase (Decrease)	
					Amount	%
Sales	1,791.69	98.15	1,883.08	98.33	(91.39)	(4.85)
Total revenues	1,825.39	100	1,915.14	100	(89.75)	(4.69)
Cost of Sales	925.43	51.65	1,030.71	54.74	(105.28)	(10.21)
Gross Profit	866.26	48.35	852.37	45.26	13.89	1.63
Selling and Administrative expenses	410.53	22.49	450.20	23.51	(39.67)	(8.81)
Profit for the period	439.20	24.06	384.25	20.06	54.95	14.30
Profit for the period (Baht)	0.98		0.85		0.13	15.29

	For the 6 month period ended 30 June 2020	%	For the 6 month period ended 30 June 2019	%	Increase (Decrease)	
					Amount	%
Sales	3,584.61	98.42	3,685.24	98.60	(100.63)	(2.73)
Total revenues	3,642.10	100	3,737.67	100	(95.57)	(2.56)
Cost of Sales	1,853.15	51.98	2,035.84	55.24	(172.69)	(8.48)
Gross Profit	1,721.46	48.02	1,649.40	44.76	72.06	4.37
Selling and Administrative expenses	826.37	22.69	888.40	23.77	(62.03)	(6.98)
Profit for the period	852.52	23.41	723.07	19.35	129.45	17.90
Profit for the period (Baht)	1.89		1.61		0.28	17.39

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 1,791.69 million and Baht 1,883.08 million in Q2/2020 and Q2/2019 respectively, or decreasing by 4.85%.

For the first half of the year 2020 ended on June 30, total sale revenue stood at Baht 3,584.61 million, or decreasing by 2.73% from the same period last year.

1.2 Cost of Sales

The cost of sales of the Company in Q2/2020 stood at Baht 925.43 million, decreasing by 10.21% from the same quarter last year. The cost of sales to total sales ratio to be at 51.65% in Q2/2020, lower from 54.74% in the same quarter last year. As a result, the gross profit margin of the Company stood at 48.35% increasing from 45.26% in the same quarter last year.

For the first half of the year 2020 ended on June 30, the cost of sales stood at Baht 1,863.15 million, decreasing by Baht 172.69 million or 8.48% from the same period last year, due to lower price of major raw materials and the management of returned products with reduced quantity, the Company has managed cost control efficiently. The cost of sales to total sales ratio to be at 51.98% decreasing from 55.24% in the same period last year. As a result, the gross profit margin increased to 48.02% from 44.76% in the same period last year.

1.3 Selling and Administrative Expenses

The selling and administrative expenses in Q2/2020 amounted to Baht 410.53 million, accounting for 22.49% of total income, decreasing by 8.81% from the same quarter last year and half-year ended on June 30, 2020 and 2019 the selling and administrative expenses were accounted for 22.69% and 23.77%, decreasing by 6.98% from the same period last year. The selling and administrative expense was decreasing due to lower fuel cost for transportation from the previous year in the same quarter and sales promotion expense which decreased from the same period of the previous year.

1.4 Net Profit

As of June 30, 2020, the Company recorded quarterly profit of Baht 439.20 million, or increasing by 14.30% from the previous year, and recorded net profit of Baht 852.52 million in the first half of 2020, or increasing by 17.90% 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 6 month period ended 30 June 2020 in the amount of Baht 0.02 million.

Financial Position of the Company

(Unit: million Baht)

	June 30, 2020	%	December 31, 2019	%	Increase (Decrease)	
					Amount	%
Total Assets	9,885.23	100	9,480.09	100	405.14	4.27
Total Liabilities	1,038.63	10.51	1,110.72	11.72	(72.09)	(6.49)
Shareholders' Equity	8,846.60	89.49	8,369.37	88.28	477.27	5.70
Total Liabilities and Shareholders' Equity	9,885.23	100	9,480.09	100	405.14	4.27

2. Financial Position

2.1 Assets

The total assets of the Company as of June 30, 2020 amounted to Baht 9,885.23 million, increasing by Baht 405.14 million from December 31, 2019. Main asset of the Company comprised of current assets by 46.45% of total assets and non-current assets by 53.55% of total assets. The increase in current assets resulted from increasing cash and cash equivalents by Baht 458.40 million.

The trade and other receivables of the Company accounted for 8.40% of total assets, decreasing by Baht 94.68 million from December 31, 2019, because the most of account receivables were paid on due and lower sales.

2.2 Liabilities

The liabilities of the Company as of June 30, 2020 totaled to Baht 1,038.63 million, accounting for 10.51% of total Liabilities and Shareholders' Equity and decreasing by 6.49% from December 31, 2019, due to a decrease in trade and other payables and from payment of corporate income tax. 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 and increased in deferred income tax liabilities, due to fair value measurement of financial assets in accordance with TFRS 9. (Notes to interim financial statements No.2)

2.3 Shareholders' Equity

The Shareholders' Equity of the Company as of June 30, 2020 amounted to Baht 8,846.60 million, accounting for 89.49% of Liabilities and Shareholders' Equity and increasing by Baht 477.23 million from December 31, 2019, resulting from the operating profits for other components of the Shareholders' Equity, increasing by Baht 124.03 million due to the implementation of Financial Reporting Standard No.9. As a result, the book value of the Company stood at 19.66 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 half-year ended on June 30, 2020 amounted to Baht 1,053.41 million, increasing by Baht 168.67 million or by 19.06% from the previous year because of higher profit.

The net cash used for investing activities totaled to Baht 90.53 million, decreasing by Baht 117.96 million. Resulted from lower other current financial assets.

The cash used in financing activities was at Baht 504.48 million, increasing by Baht 88.31 million, mostly due to the interim dividend payment for the operating result in second half in 2019 amount of Baht 490.50 million, which was paid on May 7, 2020

As a result, the Company recorded cash and cash equivalents of Baht 852.02 million as of June 30, 2020, increasing by Baht 458.40 million from the same quarter last year.

As of June 30, 2020, the Company maintained the current ratio at 5.09, and the average days sales at 1 day. Meanwhile, the average days of debt collection of the Company stood at 44 days, and the average days of debt repayment was at 69 days. As a result, the cash cycle of the Company was at 24 days.

This is to be informed for your acknowledgement

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(Ms. Petcharat Anantawichai)

Director and Senior Management Accounting Department
and Finance Department Manager

Company Secretary