



Thai President Foods Public Company Limited
Management Discussion and Analysis
For the three-month and six-month periods ended 30 June 2020

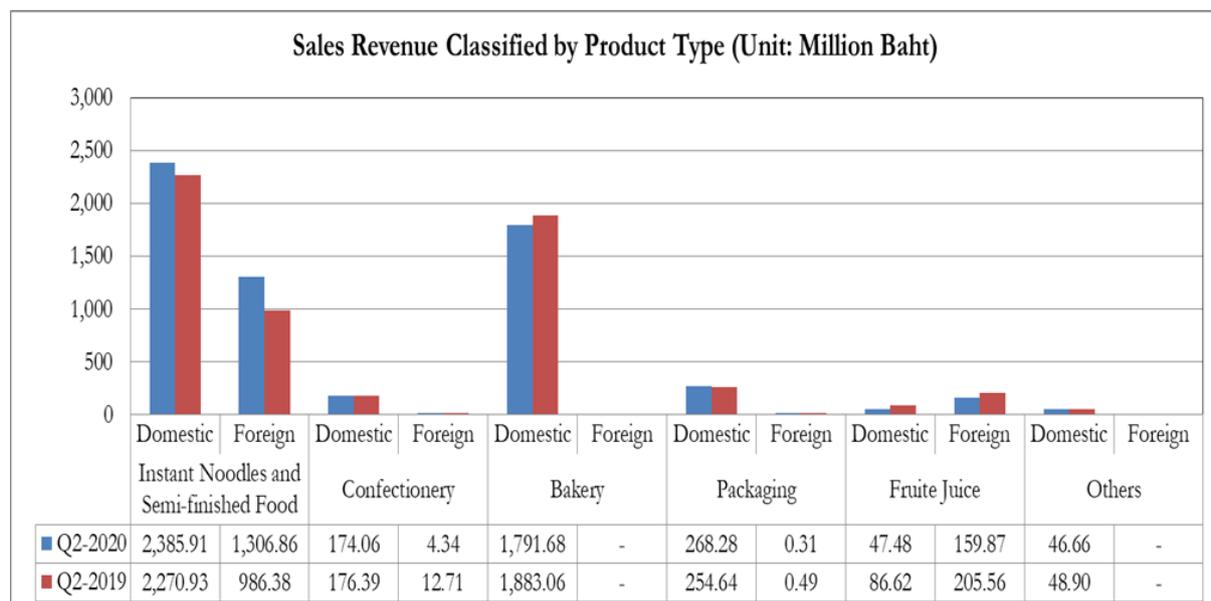
1. Performance Results

For the operating result of second Quarter ended June 30, 2020 and six-month period ended June 30, 2020 with the Statement of Comprehensive Income presented as below.

	Unit: Million Baht						
	The three-month period ended 30 June			Change	The six-month period ended 30 June		
	2020	2019	%		2020	2019	%
Sales	6,185.46	5,925.67	4.38%		12,097.01	11,543.15	4.80%
Cost of sales	3,828.22	3,781.86	1.23%		7,580.84	7,435.40	1.96%
Gross profit	2,357.24	2,143.81	9.96%		4,516.17	4,107.75	9.94%
Gross profit margin	38.11%	36.18%	1.93%		37.33%	35.59%	1.74%
Selling and administrative expenses	908.16	1,037.75	-12.49%		1,818.69	1,945.73	-6.53%
Profit from operating activities	1,578.79	1,464.09	7.83%		2,986.07	2,637.89	13.20%
Non-controlling interests of the subsidiaries	309.02	336.73	-8.23%		609.48	567.40	7.42%
Profit on equity holders of the Company	1,141.60	974.18	17.19%		2,147.45	1,839.83	16.72%

1.1 Sales

The company recorded the total sales of Baht 6,185.46 million and Baht 5,925.67 million in Q2/2020 and Q2/2019 respectively or increasing by 4.38%. Additionally, the total sales in first half of 2020 stood at Baht 12,097.01 million, increasing by Baht 553.86 million or 4.80% from the same period last year.





When classified by products and regions in Q2/2020, the domestic and foreign sales of Instant Noodles food increased by 5.06% and 32.49% respectively due to the higher demand during the Covid-19 pandemic. The foreign market sales performed very well in almost every region excepted the Euro zone which shown 2.17% sales declined. While the other products categories sales have the negative impact from the Covid-19 pandemic, especially the bakery and fruit juice sales which dropped by 4.85% and 29.03% respectively.

The other income dropped by Baht 213.20 million because of there is an one-time special income from selling property of a subsidiary last year.

1.2 Cost of Sales

The cost of sales of the Company amounted to Baht 3,828.22 million in Q2/2020, increasing by Baht 46.35 million or 1.23% from the previous year, mainly due to higher raw material and packaging cost in accordance with higher sales volume. the cost of sales in first half of 2020 stood at Baht 7,580.84 million, increasing by Baht 145.44 million or 1.96% from the same period last year. Thus, the cost of sales to total sales revenues ratio was at 61.89%, 62.67% in Q2/2020, H1/2020 respectively, lower than that in the previous year which stood at 63.82%, 64.41% resulted from the price of wheat flour dropped.

1.3 Selling and Administrative Expenses

The selling and administrative expenses in Q2/2020 totaled to Baht 908.16 million, decreasing by Baht 129.59 million or 12.49% from a year earlier. The decrease in our selling and administrative expenses resulted from adjusted employee benefit provision which comply to the Labor Protection Act (Issue 7) BE. 2562. However the selling and administrative expenses to the total revenues' ratio was at 14.68%, 17.51% in Q2/2020, Q2/2019 respectively.

1.4 Net Profit

The Company recorded net profit of Baht 1,141.60 million in Q2/2020, increasing by Baht 167.42 million or 17.19% from the previous year. The profit margin of the company stood at 17.84% of total revenue (plus Share of profit from investments in associates), which resulted from higher sales volume while the total cost to sales remained in low level. The Company gained net profit of Baht 2,147.45 million in H1/2020, increasing by Baht 307.62 million or 16.72% from the previous year.



2. Financial Position

For statement of financial as at June 30, 2020, changes as compared to December 31, 2019 are as followed:

2.1 Assets

	Unit: Million Baht			
	30 June 2020	31 December 2019	Change	(%)
Cash and cash equivalents	3,785.86	3,320.23	465.63	14.02
Current investments	-	5,932.18	(5,932.18)	(100.00)
Trade and other receivables	3,759.72	3,635.62	124.10	3.41
Inventories	1,853.53	1,454.72	398.81	27.41
Other current financial assets	6,241.76	-	6,241.76	100.00
Investment properties	101.88	101.88	-	0.00
Property, plant and equipment	8,559.39	8,520.52	38.87	0.46
Other non-current assets	11,575.12	11,263.68	311.44	2.76

The total assets of the Company as of June 30, 2020 amounted to Baht 35,911.33 million, increasing by Baht 1,657.90 million or 4.84% from the end of last year. The structure of assets of the Company consisted of the fixed assets of Baht 20,236.40 million, accounting for 56.35% of total assets, and the current assets of Baht 15,674.93 million, accounting for 43.65% of total assets. Our asset mainly increased from; increasing in Cash and Cash equivalents resulted and other current financial assets from the higher profit, increasing in inventory come from finish goods on hand to be send to customer.

2.2 Liabilities

	Unit: Million Baht			
	Total liabilities and shareholders' equity			
	30 June 2020	31 December 2019	Change	(%)
Trade and other payables	1,735.65	1,823.54	(87.89)	(4.82)
Current portion of long-term lease liabilities	39.72	35.46	4.26	12.01
Other current liabilities	1,095.68	1,244.25	(148.57)	(11.94)
Other non-current liabilities	1,079.43	1,105.44	(26.01)	(2.35)
Total shareholders' equity	31,960.85	30,044.74	1,916.11	6.38

Total liability if the Company stood at Baht 3,950.48 million as of June 30, 2020, decreasing by Baht 258.21 million from the end of last year. Our liability was decreasing, mainly from trade payables and accrued bonus. Most of liability of the company was current



liability, while the long-term liability was accounted for 27.32% of total liability. Additionally, debt to equity ratio of the Company was at 0.16.

2.3 Shareholders' Equity

The shareholders' equity of the Company as of June 30, 2020 amounted to Baht 31,960.85 million, increasing by Baht 1,916.11 million or 6.38% from the end of 2019, resulting from the higher net profit of this quarter.

3. Liquidity Position

Cash flow statement for the period ended June 30, 2020, details as follow:

	Unit: Million Baht	
	January - June	
	2020	2019
Net cash flows from operating activities	2,253.94	2,009.72
Net cash flows used in investing activities	(1,045.64)	(1,971.17)
Net cash flows used in financing activities	(748.34)	(710.85)
Increase (decrease) in translation adjustments	5.67	(18.98)
Net increase (decrease) in cash and cash equivalents	465.63	(691.28)

The balance of operation activities cash inflow in Q2/2020 totaled to Baht 2,253.94 million. Meanwhile the cash outflow from investment and financing activities amounted to Baht 1,045.64 million and Baht 748.34 million respectively. The Company, as of June 30, 2020, recorded cash and cash equivalents item of Baht 3,785.86 million, increasing by Baht 465.63 million which resulted from the company has profit from operation, while the cash outflow was used in purchasing machineries for expanding the production line and the company has paid its dividend by Baht 724.87 million on May 8, 2020.

Please kindly be informed accordingly

Your sincerely,

(Mr. Wasan Boonsampankit)

Manager of Finance and Investment Department (CFO)

August 14,2020