



Thai President Foods Public Company Limited

Management Discussion and Analysis

For the three-month and nine-month periods ended 30 September 2020

1. Performance Results

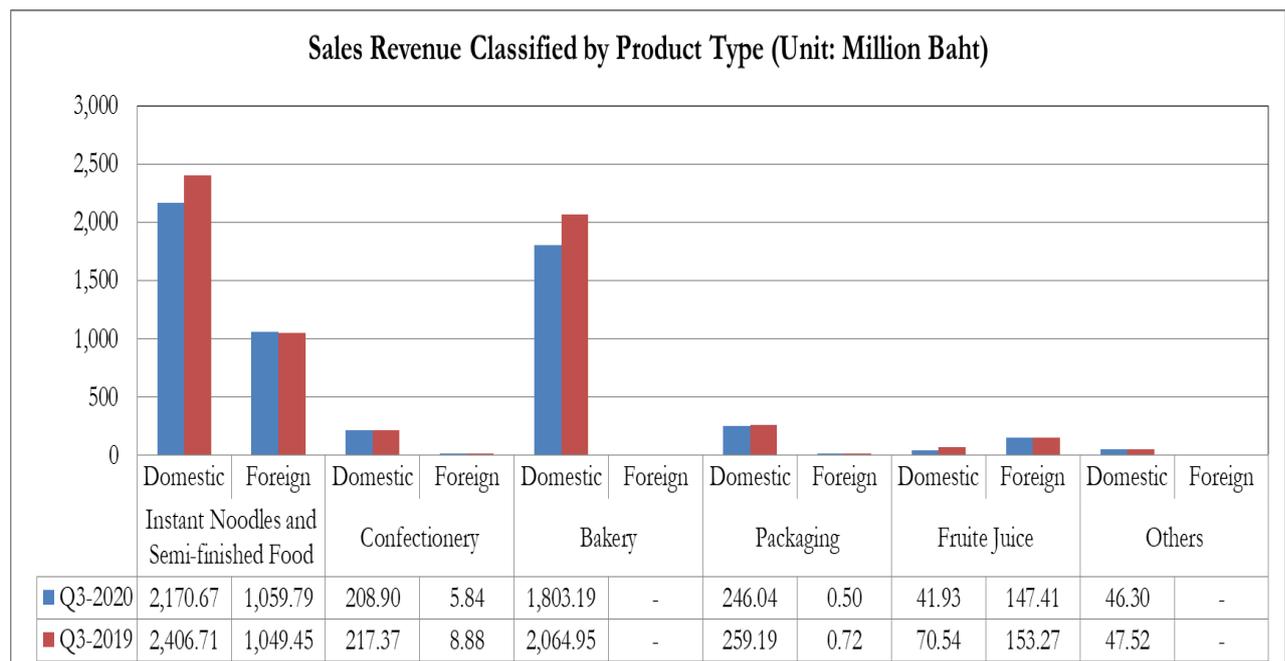
For the operating result of third Quarter ended September 30, 2020 and nine-month period ended September 30, 2020 with the Statement of Comprehensive Income presented as below.

Unit: Million Baht

	The three-month period ended 30 September			The nine-month period ended 30 September		
	2020	2019	Change (%)	2020	2019	Change (%)
Sales	5,730.57	6,278.60	-8.73%	17,827.59	17,821.74	0.03%
Cost of sales	3,600.93	3,964.38	-9.17%	11,181.77	11,399.77	-1.91%
Gross profit	2,129.64	2,314.22	-7.98%	6,645.82	6,421.97	3.49%
Gross profit margin	37.16%	36.86%	0.30%	37.28%	36.03%	1.25%
Selling and administrative expenses	894.43	936.58	-4.50%	2,713.12	2,882.32	-5.87%
Profit from operating activities	1,395.80	1,518.61	-8.09%	4,381.86	4,156.49	5.42%
Non-controlling interests of the subsidiaries	284.03	333.37	-14.80%	893.50	900.76	-0.81%
Profit on equity holders of the Company	987.68	1,064.06	-7.18%	3,135.13	2,903.89	7.96%

1.1 Sales

The company recorded the total sales of Baht 5,730.57 million and Baht 6,278.60 million in Q3/2020 and Q3/2019 respectively or decreasing by 8.73%. Additionally, the total sales in the nine-month of 2020 stood at Baht 17,827.59 million, increasing by Baht 5.85 million or 0.03% from the same period last year.





When classified by products and regions in Q3/2020 compared to Q3/2019, the domestic sales of Instant Noodles food decreased by 9.81% and foreign sales of Instant Noodles food increased by 0.99%. due to the panic-buying our products previously amid the Covid-19 pandemic. While the other products categories sales still have the negative impact from the Covid-19 pandemic, especially the bakery and fruit juice sales which dropped by 12.68% and 15.40% respectively.

The other income increased by Baht 28.05 million which mainly resulted from the profit of selling a joint venture company, Ideo New Rama9 Co, Ltd.

1.2 Cost of Sales

The cost of sales of the Company amounted to Baht 3,600.93 million in Q3/2020, decreasing by Baht 363.45 million or 9.17% from the previous year, and the cost of sales in the nine-month of 2020 stood at Baht 11,181.77 million, decreasing by Baht 218.00 million or 1.91% from the same period last year, mainly due to lower raw material and packaging cost in accordance with sales volume dropped. Thus, the cost of sales to total sales revenues ratio was at 62.84%, 62.72% in Q3/2020, the nine-month of 2020 respectively, lower than that in the previous year which stood at 63.14%, 63.97% resulted from the price of raw materials dropped.

1.3 Selling and Administrative Expenses

The selling and administrative expenses in Q3/2020 totaled to Baht 894.43 million, decreasing by Baht 42.15 million or 4.50% from a year earlier, resulted from reducing the operating and marketing costs. However the selling and administrative expenses to the total revenues' ratio was at 15.61%, 14.92% in Q3/2020, Q3/2019 respectively.

1.4 Net Profit

The Company recorded net profit of Baht 987.68 million in Q3/2020, decreasing by Baht 76.38 million or 7.18% from the previous year, resulted from the decrease in sales volume. However, the profit margin of the company stood at 17.24% of sales revenue, higher than Q3/2019 which stood at 16.95, that because of the company could manage the total cost to sales to stay in the low level. The Company gained net profit of Baht 3,135.13 million in the nine-month of 2020, increasing by Baht 231.24 million or 7.96% from the previous year.



2. Financial Position

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

2.1 Assets

Unit: Million Baht

	Total assets			
	30 September 2020	31 December 2019	Change	(%)
Cash and cash equivalents	4,851.61	3,320.23	1,531.38	46.12
Current investments	-	5,932.18	(5,932.18)	(100.00)
Trade and other receivables	3,452.74	3,635.62	(182.88)	(5.03)
Inventories	1,614.20	1,454.72	159.48	10.96
Other current financial assets	6,649.23	-	6,649.23	100.00
Investment properties	101.88	101.88	-	0.00
Property, plant and equipment	8,695.09	8,520.52	174.57	2.05
Other non-current assets	11,386.76	11,263.68	123.08	1.09

The total assets of the Company as of September 30, 2020 amounted to Baht 36,783.75 million, increasing by Baht 2,530.33 million or 7.39% from the end of last year. The structure of assets of the Company consisted of the fixed assets of Baht 20,183.74 million, accounting for 54.87% of total assets, and the current assets of Baht 16,600.01 million, accounting for 45.13% 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 sent to customers.

2.2 Liabilities

Unit: Million Baht

	Total liabilities and shareholders' equity			
	30 September 2020	31 December 2019	Change	(%)
Trade and other payables	1,685.96	1,823.54	(137.58)	(7.54)
Current portion of long-term lease liabilities	37.56	35.46	2.10	5.92
Other current liabilities	1,875.07	1,244.25	630.82	50.70
Total other non-current liabilities	1,095.73	1,105.44	(9.71)	(0.88)
Total shareholders' equity	32,089.44	30,044.74	2,044.70	6.81

Total liability if the Company stood at Baht 4,694.32 million as of September 30, 2020, increasing by Baht 485.63 million from the end of last year. Our liability was increasing, mainly from the Baht 890.20 million accrued dividend. Most of liability of the company was current liability, while the long-term liability was accounted for 23.34% of total liability. Additionally, debt to equity ratio of the Company was at 0.19.



2.3 Shareholders' Equity

The shareholders' equity of the Company as of September 30, 2020 amounted to Baht 32,089.43 million, increasing by Baht 2,044.70 million or 6.81% from the end of 2019, resulting from the higher net profit of this quarter.

3. Liquidity Position

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

Unit: Million Baht

For the nine-month period ended 30 September 2020		
	2020	2019
Net cash flows from operating activities	4,035.95	3,765.22
Net cash flows used in investing activities	(1,768.61)	(2,924.59)
Net cash flows used in financing activities	(758.45)	(742.17)
Increase (decrease) in translation adjustments	22.49	(32.55)
Net increase (decrease) in cash and cash equivalents	1,531.38	65.91

The balance of operation activities cash inflow in Q3/2020 totaled to Baht 4,035.95 million. Meanwhile the cash outflow from investment and financing activities amounted to Baht 1,768.61 million and Baht 758.45 million respectively. The Company, as of September 30, 2020, recorded cash and cash equivalents item of Baht 4,851.61 million, increasing by Baht 1,531.38 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 724.91 million on May 8, 2020.

Please kindly be informed accordingly

Your sincerely,

(Mr. Wasan Boonsampankit)

Manager of Finance and Investment Department (CFO)

November 13,2020