



Management Discussion and Analysis For the year ended 31 December 2020

1. Operating Results

1.1 Sales Revenue

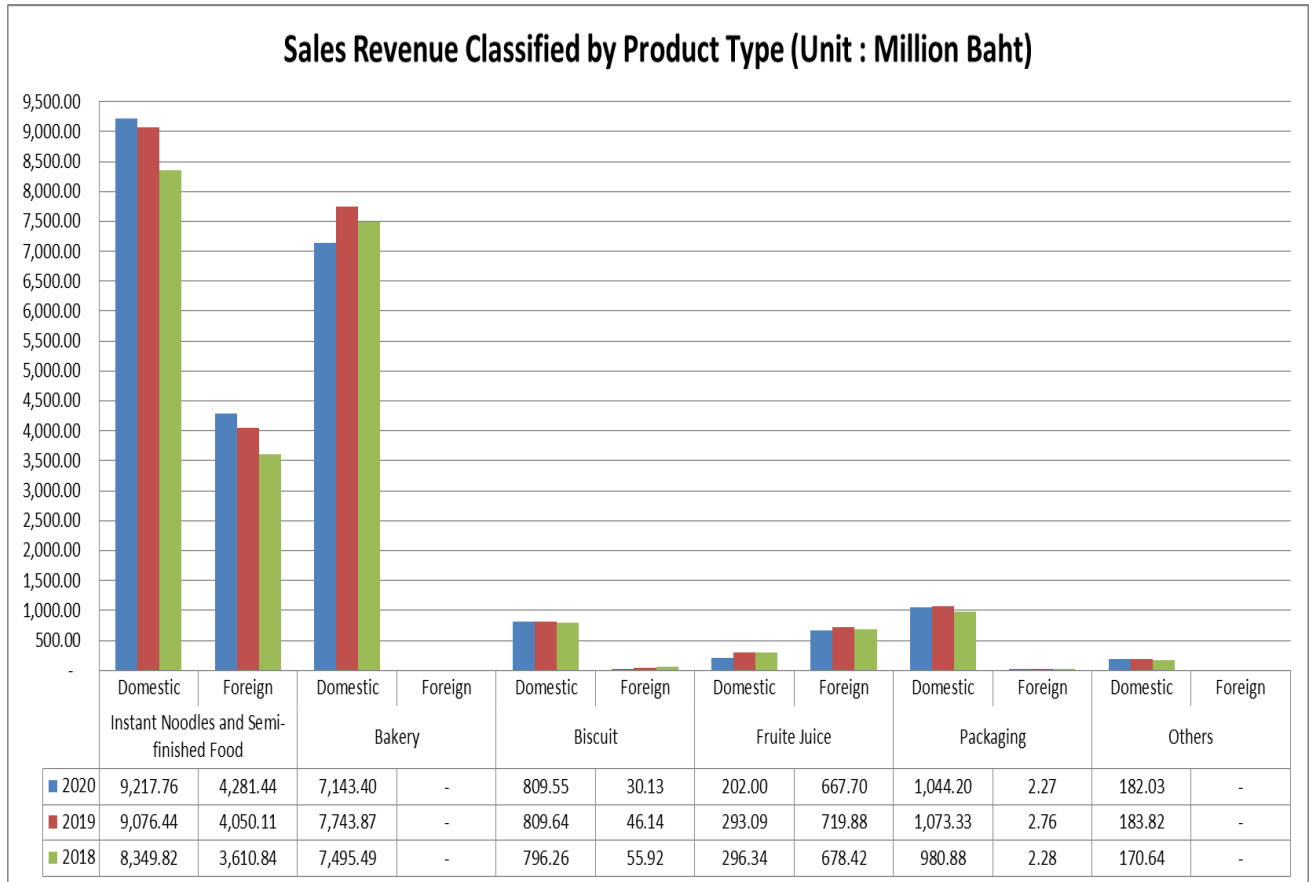
As a result of the Covid-19 pandemic, the Company’ total sales income for the year 2020 decreased by Baht 418.60 million, stood at the amount of Baht 23,580.48 million, or 1.74% lower than the same period of the year 2019. The sales volume for the Company only (TFMAMA) has an increasing growth from the same period of the previous year by 2.51%. The instants noodle products continued to deliver a solid growth while the other product segments were impacted by the pandemic.

1.1.1 Sales Revenue Classified by Products

The revenue structure of the Company is summarized as following

Product Line	Business Group	Operated by	% Shareholding	Sales Revenue					
				Year ended on Dec 31, 2020		Year ended on Dec 31, 2019		Year ended on Dec 31, 2018	
				Million Baht	%	Million Baht	%	Million Baht	%
Instant Noodles and Semi-finished Food	Food	Thai President Foods Plc (TFMAMA)	-	13,499	57.25	13,126	54.69	11,961	53.31
		Kallol Thai President Foods (BD) Ltd.	55.00						
		Thai President Foods (Hungary) Kft. (Hungary)	65.00						
		President Kourakuen Co., Ltd.	70.00						
		Ayeyarwaddy Success Venture Foods Co., Ltd.	51.00						
Bakery	Food	President Bakery Plc.	51.99	7,143	30.29	7,744	32.27	7,495	33.40
Biscuit	Food	Thai President Foods Plc (TFMAMA)	-	840	3.56	856	3.57	852	3.80
Fruit Juice	Food	Taisun Foods Co., Ltd.	52.08	870	3.69	1,013	4.22	975	4.35
Packaging	Packaging	Thai Anbao Paper Products Co., Ltd.	51.00	1,046	4.44	1,076	4.48	983	4.38
		Dai-Ichi Packaging Co.,Ltd.	50.10						
Other	Raw material	President Flour Mill Co.,Ltd.	60.00	182	0.77	184	0.77	171	0.76
	Investing	President D Venture Co.,Ltd.	70.00						
	Agent	President Interfood Co.,Ltd.	59.67						
Total				23,580	100.00	23,999	100.00	22,437	100.00

1.1.2 Sales Revenue Classified by Product type and Market location



■ Instant Noodles and Semi-finished Food

Domestic Market

The growth rate for the period ended 31 December 2020 is 1.56% as compared with the previous year. The instant noodles grew by 2.40% due to strong demand during the pandemic, products development and continuous new products launch which receive good responses from the consumer, while the sales of white noodle, porridge and boiled rice decreased by 5.41%

Foreign Market

The growth rate for the period ended 31 December 2020 is 5.71% as compared with the previous year. The instant noodles grew by 4.28%. The sales volume for the market in Australia and the North America market has good expansion, which because of the strong demand during the pandemic restriction.



▪ **Other Products**

For the overall sales volume of other products was impacted from the Covid-19 pandemic; the sales revenue of bakery products for the year ended on Dec 31, 2020 decreased by 7.75% from the previous year, the sales of biscuit category, packaging, fruit juice, etc. decreased by 6.10%. The Company has performed continuous advertising and sales promotion activities in order to encourage sales volume and to distribute our products to widen customers.

1.2 Cost of Sales

Cost of sales for the period of year 2020 is Baht 14,849.96 million, decreased by Baht 450.64 million or 2.95% as compared to the same period of the previous year since the overall raw materials price dropped together with the efficient production cost management. Thus, the ratio of cost of sales to the sales income lower than the previous year by 0.77% and stood at 62.98%

1.3 Selling and Administrative Expenses

The selling and administrative expenses totaled to Baht 3,611.08 million, decreasing by Baht 219.79 million or by 5.74% from the previous year which result from the company has performed the cost control strategy and less marketing activities during the Covid-19 pandemic. Thus, the ratio of selling and administrative expenses to total sales revenue ratio for the year 2020 and 2019 was at 15.31%, 15.96% accordingly.

1.4 Share of profit from investments in associates and joint venture

Consolidated share of profit from associated companies based on equity method in 2020 was THB 294.98 million, increased by THB 20.81 million, or 7.59 % up from 2019 mainly from Kerry flour mills’ profit contribution of THB 200.05 million, and Anbao Environmental Science & Technology’ profit contribution of THB 35.74 million

1.5 Net Profit

The net profit, in the part of shareholders’ equity of the Company, for the year stood at Baht 4,090.01 million, increasing by Baht 146.94 million or by 3.73% from the previous year. The Company maintained the profit margin at 16.73% of total income. Meanwhile, The net profit for the Company only (TFMAMA) stood at Baht 3,138.88 million, increasing by 6.95%.

2. Financial Position

2.1 Assets

Total assets of the Company as of Dec 31, 2020 amounted to Baht 37,416.57 million, increasing by Baht 3,195.47 million or by 9.34% from the previous year. The main assets of the Company consisted of the fixed assets of Baht 21,191.38 million, accounting for 56.64% of total assets, and the current assets of Baht 16,225.19 million, accounting for 43.36% of total assets. The increasing assets of the Company was mainly attributed to increasing other financial assets which was recorded in accordance with new accounting standard.



The trade account receivable of the Company in 2020 stood at Baht 3,237.73 million, accounting for 8.65% of total assets and decreasing by 8.91% from the previous. The major trade account receivable from domestic market of the Company was due from Sahapathanapibul PCL, whereas the average debt collection period was at 53 days, or decreasing by 3 day from the previous year. In addition, the Company had set aside the allowance for doubtful accounts by Baht 21.82 million, which was sufficient to cover the account receivable due longer than 3 months. In overall, the trade account receivable of the Company was mostly paid on schedule. Although a few foreign accounts were paid overdue, such delayed payment constituted an insignificant portion, when compared with total trade accounts.

The inventory of the Company in 2020 amounted to Baht 1,420.94 million, accounting for 3.80% of total assets and decreasing by 2.32% from a year earlier. The average days sales was stood at 35 days which in line with the previous year. It showed that the company managed inventory appropriately

2.2 Liability

Total liability of the Company as of Dec 31, 2020 amounted to Baht 4,025.12 million, decreasing by Baht 183.57 million or by 4.36% from the end of 2019 as a result of decreasing amount of account payable outstanding liability and accrued expenses. In 2020, account payable turnover was stood at 8.26 times and the average payment period was 44 days which in line with the previous year. However, most liability of the Company was current liability, whereas the long-term liability was accounted for 27.00% of total liabilities. Meanwhile the debt to equity ratio of the Company was at 0.15 time.

2.3 Shareholders' Equity

The shareholders' equity of the Company as of Dec 31, 2020 amounted to Baht 33,391.45 million, increasing by Baht 3,379.04 million or by 11.26% from the end of 2019 because of net profit in the period. In 2020, the Company recorded the dividend payment for the second half-year of 2019 at Baht 725.35 million, and the interim dividend payment for the period ended on June 30, 2020 at Baht 890.20 million. In addition, the book value of the Company increased by 10.25 Baht per share from 91.03 Baht per share to 101.28 Baht per share, or rising by 11.26% from the preceding year.

3. Liquidity Position and Suitability of Capital Structure

3.1 Liquidity Position

The net cash from operating activities of the Company in 2020 amounted to Baht 5,928.11 million, whereas the net cash used for investing and financing activities amounted to Baht 3,920.05 million and Baht 1,642.65 million, respectively. The Company, as of Dec 31, 2020, recorded net cash and cash equivalent of Baht 3,695.42 million, decreasing by Baht 375.19 million from 2019. The important details were summarized as follows,

The cash inflow from operating activities totaled to Baht 5,928.11 million, mainly due to the operating profit before tax of Baht 5,977.82 million. The Company used Baht 3,920.05 million for investing activities, mostly in current and non-current financial assets. The Company also purchased additional machinery and equipment. In addition, the cash paid for financing activities was at Baht 1,642.65 million, mainly due to the dividend payment of Baht 1,614.41 million.



However, the Company was able to maintain strong liquidity ratio. The current ratio and the quick ratio of the Company in 2020 stood at 5.52 and 5.00 times respectively, increasing from the ratio in the previous year. Meanwhile, the cash cycle of the Company was at 44 days.

3.2 Suitability of Capital Structure

The Company had strong financial position. As of Dec 31, 2020, The debt to shareholders' equity ratio was at 0.15 times, decreasing from 0.18 times in the previous year. The consolidated interest-bearing liabilities were Baht 93.87 million increasing from Baht 90.10 million. Thus, the interest-bearing debt ratio was considerably low at 0.004 times, reflecting the stability of capital structure and strong capability of debt service of the Company.

4. Remuneration to the Auditor (Separate financial statements)

The Company paid for the remuneration to the Auditor as following,

- 4.1 The Auditing Fee amounted to Baht 2,900,000
- 4.2 The Other Fees consisted of
 - 4.2.1 The auditing fee for specific requirement as prescribed by the investment promotion certificate of the Board of Investment amounted to Baht 720,000
 - 4.2.2 The observing fee for the destruction of packaging expired and discontinued amounted to Baht 20,000.

Please be informed accordingly

Best Regards

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Date Feb 24,2021