



บริษัท น้ำมันพืชไทย จำกัด (มหาชน)
THAI VEGETABLE OIL PUBLIC COMPANY LIMITED

TVO/CP/20/018

August 14, 2020

Subject : Report of the Financial Statement, ended of June 30, 2020

Attention : The President of the Stock Exchange of Thailand

Thai Vegetable Oil Public Company Limited would like to inform you the audited operating results of the Company and its subsidiary (collectively called the “Company”) as ended June 30, 2020, together with the management discussion and analysis as an information for investors and those who found interested.

Operating Results

Operating results of the Company and its subsidiary for three-month and six-month period ended June 30, 2020 and 2019 were as follows;

Unit: Million Baht	For three-month period, ended June 30				For six-month period, ended June 30			
	2020	2019	Increase/(Decrease)		2020	2019	Increase/(Decrease)	
Sales	5,682	5,802	(120)	(2.07%)	12,170	11,693	477	4.08%
Sale of packing materials	58	123	(65)	(52.85%)	145	224	(79)	(35.27%)
Total sales	5,740	5,925	(185)	(3.12%)	12,315	11,917	398	3.34%
Cost of sales	5,114	5,411	(297)	(5.49%)	10,905	10,800	105	0.97%
Gross profit	626	514	112	21.79%	1,410	1,117	293	26.23%
Profit (loss) on exchange rate	(40)	3	(43)	(1,433.33%)	7	19	(12)	(63.16%)
Other income	15	49	(34)	(69.39%)	27	77	(50)	(64.00%)
Selling expenses	114	137	(23)	(16.79%)	254	267	(13)	(4.87%)
Administrative expenses	53	69	(16)	(23.19%)	112	122	(10)	(8.20%)
Loss on reduction of inventory to net realizable value received (Reversal)	(15)	(2)	(13)	650.00%	(15)	(2)	(13)	650.00%
Financial cost	1	1	0	0.00%	2	2	0	0.00%
Profit before income tax expenses	448	361	87	24.10%	1,091	824	267	32.40%
Income tax expenses	87	67	20	29.85%	214	159	55	34.59%

Unit: Million Baht	For three-month period, ended June 30				For six-month period, ended June 30			
	2020	2019	Increase/(Decrease)		2020	2019	Increase/(Decrease)	
Net profit attributable to equity holders of the Company	341	280	61	21.79%	834	638	196	30.72%
Non-controlling interests of the subsidiaries	20	15	5	33.33%	43	27	16	59.26%

In the second quarter of 2020, the Company and its subsidiary had a net profit Baht 341 million, increased by Baht 61 million or 21.79% from Baht 280 million when compared to the same quarter of 2019. The main reasons were;

1. Sales Revenues

The Company and its subsidiary had total sales revenue of Baht 5,740 million, decreased by Baht 185 million or 3.12% from Baht 5,925 million when compared to the same quarter last year. The sales revenue of the Company from sales of products was Baht 5,682 million, decreased by Baht 120 million or 2.07% from Baht 5,802 million when compared to the same quarter last year, mainly resulted from;

- **Revenue from sales of soybean meal and other animal feed ingredients** decreased when compared to the same quarter last year even though domestic soybean meal prices slightly increased from the first quarter of 2020. The sale volume of soybean meal and other animal feed ingredients in the second quarter of 2020 had decreased when compared to the same period last year because the Company had a planned annual maintenance in this quarter. Moreover, the COVID-19 lockdown restrictions had reduced the Company delivery time. The Company estimated that after easing of COVID-19 restrictions in second half of 2020, the business operations and the delivery of goods will return to normal.
- **Revenue from sales of refined soybean oil** increased when compared to the same quarter last year. Sale volume of soybean oil has increased especially in household consumer sector mainly due to tightness in global palm oil supply. The shortage of labor in the top producing countries, Malaysia and Indonesia due to the spread of COVID-19, together with flood in oil palm planting area in Indonesia, have caused the palm oil stockpiles to continuously decline. Moreover, global demand of palm oil in second quarter of 2020 started to recover as the major palm oil importing countries, India and China loosened the COVID-19 restrictions. As a result, global palm oil price has increased when compared to the same period of last year. The palm oil price that increased relatively to soybean oil price had affected customer's behavior to buy more soybean oil.

- **Revenue from sales of packaging materials** decreased when compared to the second quarter of 2019, mainly due to intense competition in drinking water and juices markets which resulted in decreasing of sale volume from customers in drinking water and juices sectors.

2. Cost of Sales and Gross Profits

The Company and its subsidiary's cost of sales was Baht 5,114 million, decreased by Baht 297 million or 5.49% from Baht 5,411 million when compared to the same quarter of 2019. The main reasons were;

- **Cost of Sales and Gross Profits of the Company:** The cost of sales of the Company decreased in accordance with lowered sales volume of soybean meal and animal feed ingredients. The cost of raw material also decreased throughout the second quarter of 2020 following weaker soybean prices in international market. The decreasing rates of cost of sales is higher compared to the sales revenue of the company resulting in higher gross profit when compared to the same quarter last year.
- **Cost of Sales and Gross Profits of the Company's subsidiary:** Cost of sales of the Company's subsidiary decreased when compared to the second quarter of 2019 because of plummeting crude oil price which lowered the cost of plastic raw materials used in packaging production. The decreasing rates of cost of sales is higher compared to the revenue from the Company's subsidiary resulting in higher gross profit when compared to the same quarter last year.

3. Gain (Loss) on Exchange Rate

The Company and its subsidiary had net loss on exchange rate totaling Baht 40 million, decreased by Baht 43 million from Profit of Baht 3 million when compared to the same quarter last year. The loss is due to the reversal of unrealized foreign exchange gain from Mark to Market (MTM) in last quarter amounting Baht 46 million and a realized gain on exchange rate of Baht 6 million in the second quarter of 2020.

4. Selling and Administrative Expenses

The Company and its subsidiary's selling expenses was Baht 114 million, decreased by Baht 23 million or 16.79% from Baht 137 million when compared to the same quarter last year due to the COVID-19 pandemic situation that affected to reduction in marketing and export promotion activities.

Administrative Expenses was Baht 53 million, decreased by Baht 16 million or 23.19% from Baht 69 million when compared to the same quarter last year due to the COVID-19 pandemic situation that affected to reduction in business travel of the Company. Last year, there was one-time expenses in donation of medical equipment for public hospital and increasing of employee compensation for termination or retirement from 300 days to 400 days under the Labor Protection Act (No. 7) B.E. 2562.

5. Loss on reduction of inventory to net realizable value received (Reversal)

The Company and its subsidiary recorded Loss on reduction of inventory to net realizable value received (Reversal) amounting Baht 15 million in some product items.

6. Others income

The Company and its subsidiary had others income totaling Baht 15 million, decreased by Baht 34 million or 69.39% from Baht 49 million when compared to the same quarter last year due to the decreasing of dividend income.

Conclusion of the operational performance of six-month period ended June 30, 2020

For the first half of 2020, the Company and its subsidiary had total sales revenue of Baht 12,315 million, increased by Baht 398 million or 3.34%. Total cost of sales was Baht 10,905 million, increased by Baht 105 million or 0.97%. Gross profit was Baht 1,410 million, increased by Baht 293 million or 26.23%. While the selling expense was Baht 254 million, decreased by Baht 13 million or 4.87% and the administrative expense was Baht 112 million, decreased by Baht 10 million or 8.20%. Overall, the Company and its subsidiary had a net profit of Baht 834 million, increased by Baht 196 million or 30.72% when compared to the same period last year.

Yours sincerely,



(Mr. Bowon Vongsinudom)

Chief Executive Officer and President