



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

TVO/CP/20/023

November 13, 2020

Subject : Report of the Financial Statement, ended of September 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 September 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 nine-month period ended September 30, 2020 and 2019 were as follows;

Unit: Million Baht	For three-month period, ended September 30				For nine-month period, ended September 30			
	2020	2019	Increase/(Decrease)		2020	2019	Increase/(Decrease)	
Sales	5,966	5,714	252	4.41%	18,137	17,407	730	4.19%
Sale of packing materials	55	74	(19)	(25.68%)	199	297	(98)	(33.00%)
<b>Total sales</b>	<b>6,021</b>	<b>5,788</b>	<b>233</b>	<b>4.03%</b>	<b>18,336</b>	<b>17,704</b>	<b>632</b>	<b>3.57%</b>
Cost of sales	5,396	5,192	204	3.93%	16,301	15,991	310	1.94%
<b>Gross profit</b>	<b>625</b>	<b>596</b>	<b>29</b>	<b>4.87%</b>	<b>2,035</b>	<b>1,713</b>	<b>322</b>	<b>18.80%</b>
Profit on exchange rate	18	16	2	12.50%	25	34	(9)	(26.47%)
Other income	29	62	(33)	(53.23%)	57	139	(82)	(58.99%)
Selling expenses	128	125	3	2.40%	382	393	(11)	(2.80%)
Administrative expenses	80	65	15	23.08%	193	187	6	3.21%
Reduction cost of inventories to net realisable value (Reversal)	11	4	7	175.00%	(4)	2	(6)	(300.00%)
Financial cost	1	1	0	0.00%	3	2	1	50.00%
<b>Profit before income tax expenses</b>	<b>452</b>	<b>479</b>	<b>(27)</b>	<b>(5.64%)</b>	<b>1,543</b>	<b>1,303</b>	<b>240</b>	<b>18.42%</b>

Unit: Million Baht	For three-month period, ended September 30				For nine-month period, ended September 30			
	2020	2019	Increase/(Decrease)		2020	2019	Increase/(Decrease)	
Income tax expenses	88	91	(3)	(3.30%)	301	249	52	20.88%
<b>Net profit attributable to equity holders of the Company</b>	<b>355</b>	<b>377</b>	<b>(22)</b>	<b>(5.84%)</b>	<b>1,190</b>	<b>1,015</b>	<b>175</b>	<b>17.24%</b>
Non-controlling interests of the subsidiaries	9	11	(2)	(18.18%)	53	39	14	35.90%

In the third quarter of 2020, the Company and its subsidiary had a net profit Baht 355 million, decreased by Baht 22 million or 5.84% from Baht 377 million when compared to the same quarter of 2019. Despite the revenue from the Company's core operations increased, revenue from sales of packaging materials and other income decreased when compared to the same quarter of 2019. In the third quarter of 2020, the Company and its subsidiary generated other income of Baht 29 million, decreased by Baht 33 million or 53.23% from Baht 62 million when compared to the same quarter of 2019. The detail of operating results of the Company and its subsidiary were;

#### 1. Sales Revenues

The Company and its subsidiary had total sales revenue of Baht 6,021 million, increased by Baht 233 million or up by 4.03% from Baht 5,788 million when compared to the same quarter last year. The revenue from sales of products was Baht 5,966 million, increased by Baht 252 million or up by 4.41% from Baht 5,714 million in the same quarter last year, and the revenue from sales of packaging materials was Baht 55 million, decreased by Baht 19 million or down by 25.68% from Baht 74 million in the same quarter last year. The details were as follows;

- **The sales of soybean meal and other animal feed ingredients** increased from the same quarter last year led by the sales volume that increased more than 10% when compare to the same quarter last year due to the easing of COVID-19 lockdown restrictions which allowed the company to resume its normal delivery of products to customers. Moreover, the import volume of soybean meal from Argentina, world's largest soybean meal exporter, had decreased due to the continuous depreciation of the Argentina's Peso which had lost over 40% of its value against US. Dollar in the third quarter of 2020, causing the Argentinian soybean crushers to hold off their soybean meal export as much as possible and keep raising their soybean meal selling prices to compensate for weakening Peso. The aforementioned factors had urged the customers to buy products from the Company.
- **The sales of refined soybean oil** slightly increased from the same quarter last year. While the sale volumes of refined soybean oil were slightly lower, mainly due to the soybean oil supply situation that turned back to normal, combined with the domestic palm oil inventories that soared to a record high level of 0.57 million tons at the

end of July 2020 which instigated the price competition in the vegetable oils market. The government has stepped in to impose various measure to reduce the glut of palm oil inventories such as setting B10 as standard diesel fuel in Thailand from 1<sup>st</sup> October 2020 onwards. The government also gave 2 Baht/liter subsidy to promote palm oil export until March 2021 and managed to bring down palm oil inventory to 0.45 million tons at the end of September 2020. In the meantime, Domestic palm oil production in the third quarter of 2020 had decreased by 30% when compare to the previous quarter and tended to continue its decline until January 2021 during its low production cycle which will help palm oil prices to continue its current uptrend and also lend support to domestic soybean oil prices.

- **Revenue from sales of packaging materials** decreased from the same quarter last year, due to the decreased sale volume and lower selling prices that following the lower raw material (plastic resin) cost.

## 2. Cost of Sales and Gross Profits

The Company and its subsidiary's cost of sales was Baht 5,396 million, increased by Baht 204 million or 3.93% from Baht 5,192 million when compared to the same quarter of 2019. The main reasons were;

- **Cost of Sales and Gross Profits of the Company:** Cost of sales increased at a slower rate when compared to the growth rate of sales volume of soybean meal and other animal feed ingredients. In contrast with the higher soybean prices in international market in the third quarter of 2020 when compare to the same quarter last year and the previous quarter, the unit price of raw materiel costs for the company remained low due to the forward fixing of soybean prices. The sales revenue of the company had increased at a higher rate compared to the increase in cost of sales, 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 mainly from the decline of raw materials (plastic resin) used in packaging production which continued to decline since the beginning of this year, led to higher gross profit margin when compared to the same quarter last year. However, the sales revenue had decreased more than the decrease in cost of sales. As a result, the subsidiary's gross profit decreased when compared to the same quarter of last year

## 3. Gain on Exchange Rate

The Company managed and hedged against exchange rate risk, which resulted in a net gain on exchange rate totaling Baht 18 million in the third quarter of 2020. The gain was an aggregate of a realized gain on exchange rate of Baht 5 million and unrealized gain from Mark-to-Market (MTM) of Baht 13 million.

#### 4. Selling and Administrative Expenses

The Company and its subsidiary's selling expenses was Baht 128 million, increased by Baht 3 million or up by 2.40% from Baht 125 million when compared to the same quarter last year, mainly due to an increase of advertising and sales promotion expenses.

Administrative Expenses was Baht 80 million, increased by Baht 15 million or 23.08% from Baht 65 million when compared to the same quarter last year, mainly due to loss from disposal of assets.

#### 5. Reduction cost of inventories to net realisable value

In the third quarter of 2020, the Company recorded a loss from reduction of inventories to net realisable value Baht 11 million in some product items which increased by Bath 7 million or up by 175% from Baht 4 million when compared to the same quarter last year.

#### Conclusion of the operational performance for the nine-month period ended September 30, 2020

For the first nine-month of 2020, the Company and its subsidiary had total sales revenue of Baht 18,336 million, increased by Baht 632 million or up by 3.57%. Total cost of sales was Baht 16,301 million, up by Baht 310 million or up by 1.94%. Total gross profit was Baht 2,035 million, increased by Baht 322 million or up by 18.80%. The total selling expense was Baht 382 million, dropped by Baht 11 million or down by 2.80%. The total administrative expense was Baht 193 million, increased by Baht 6 million or up by 3.21%. Overall, the Company and its subsidiary had a net profit of Baht 1,190 million, up by Baht 175 million or up by 17.24% when compared to the same period last year.

Yours sincerely,



(Mr. Bowon Vongsinudom)

Authorized Signatory