



บริษัท น้ำมันพืชไทย จำกัด (มหาชน)

THAI VEGETABLE OIL PUBLIC COMPANY LIMITED

TVO/CP/17/004

February 27, 2017

Subject : Report of the Financial Statement, ended of December 31, 2016
Attention : The President of the Stock Exchange of Thailand
Enclosed : 1 Copy of the Financial Statements, as ended December 31, 2016

Dear Sirs,

This executive summary contains the 2016 operational performance of Thai Vegetable Oil Plc. Including the reviewed statement of financial position of the company and its subsidiary as ended December 31, 2016. The information will be useful for investors and those who are interested in.

Operating Results Overview

Operating results of the Company and its subsidiaries for the year ended December 31, 2016 and 2015 as following details,

Unit: Million Baht	2016	2015	Increase (Decrease)	
			Amount	%
Sales	27,924	25,926	1,998	7.71%
Sale of packing materials.	319	376	(57)	(15.16%)
Total sales	28,243	26,302	1,941	7.38%
Cost of sales	23,726	23,169	557	2.40%
Gross profit	4,517	3,133	1,384	44.17%
Profit on exchange rate	5	244	(239)	(97.95%)
Other income	86	80	6	7.50%
Selling expenses	959	914	45	4.92%
Administrative expenses	375	313	62	19.81%



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Unit: Million Baht	2016	2015	Increase (Decrease)	
			Amount	%
Loss on reduction of inventory to net realizable value received (Reversal)	(12)	(32)	20	62.50%
Financial cost	3	5	(2)	(40.00%)
Profit before income tax expenses	3,283	2,257	1,026	45.46%
Income tax expenses	465	298	167	56.04%
Net profit attributable to equity holders of the Company	2,754	1,903	851	44.72%
Non-controlling interests of the subsidiaries	64	56	8	14.29%

In 2016, the Company and its subsidiaries had a net profit Baht 2,754 million, an increase of Bath 851 million from 2015 or 44.72% growth from Baht 1,903 million. The reasons are:

1. Sales and Cost of Sales

The Company and its subsidiary had a total sales revenue of Baht 28,243 million, an increase of Baht 1,941 million from 2015 or 7.38% from Baht 26,302 million. The sales revenue of the Company was from sales of main products Baht 27,924 million, an increase of Baht 1,998 million or 7.71% from Baht 25,926 million. The subsidiary had revenue from sales of packaging at Baht 319 million, a decrease of Baht 57 million or 15.16% from Baht 376 million when compared with 2015.

The reasons are:

- Revenue from sales of animal feed: sale volume of soybean meal, which is used as a raw material of animal feed, had continuously increased in accordance with the steadily growth from domestic livestock industry particularly chicken meat for export, and importers preferred to buy more soybean meal from domestic crushers to avoid fluctuation and risk of Forex loss, while selling price was slightly down according to the decrease of product cost.
- Revenue from sales of refined soybean oil: Sale volume of refined soybean oil has increased in both consumer and industrial markets due to the shortage of palm oil (substituted product) and its higher price. Consequently, consumers bought soybean oil instead. For international markets, the Company launched brands "Healthy Chef" and "Queen" for soybean oil market,

which resulted in increasing of sales volume in international markets, while selling price was slightly down according to the decrease of product cost.

- Revenue from sales of packaging material: Sale volume of packaging in fruit juice segment has reduced because main customer installed the blow molding machine to produce, while sales of edible oil segment has increased from its high sale volume and selling price has increased following its cost while the price increased higher than the cost increased.

The Company and its subsidiary's cost of sales was Baht 23,726 million, an increase of Baht 557 million or 2.40% from Baht 23,169 million when compared with 2015. This increase is according to the increase of sales volume. In 2016, the Company's gross margin was Baht 4,354 million, an increase of Baht 1,370 million or 45.92% from Baht 2,984 million when compared with 2015. The gross profit margin was 15.59% higher from last year which was 11.51%. Since the cost of imported soybean was lower, and the Company was able to manage cost of raw material by making forward contracts, this caused lower cost of soybean, raw material. This contributes higher Company's gross margin when compared with 2015.

For its subsidiary, gross margin was Baht 163 million, an increase of Baht 14 million from 2015 or 7.37% from Baht 149 million. The gross profit margin was 25.69% increasing from last year which was 22.28%.

2. Gain on Exchange

In 2016, the Company managed currency risk by making forward contract resulting in gain on exchange Baht 5 million. It included unrealized gain from Mark to Market (MTM) Baht 2 million. In 2015, the Company gained on exchange Baht 244 million which was included unrealized gain from Mark to Market (MTM) Baht 3 million.

3. Other Incomes

The Company and its subsidiary generated other incomes of Baht 86 million, an increase of Baht 6 million or 7.50% from Baht 80 million when compared with 2015, mainly due to gain on sale of investment increased.

4. Selling and Administrative Expenses

The Company and its subsidiary's selling expenses was Baht 959 million, an increase of Baht 45 million or 4.92% from Baht 914 million when compared with 2015 in accordance with an increase of sale volume causing its logistic cost higher. In 2016, the Company has increased the expense on sales promotions and advertisements on various media including lucky draw campaign for consumers.

Administrative Expenses was Baht 375 million, an increase of Baht 62 million or 19.81% from Baht 313 million when compared to 2015. The expenses were spent on Sustainable Development Project and Human Resource Development.

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

In quarter 1/2016, the Company has reversal loss from reduction of inventory to net realized value received in 2015 Baht 12 million.

Conclusion of the operational performance in 2016

For the operational performance in 2016, the Company and its subsidiary has the total sales revenue of Baht 28,243 million, an increase of Baht 1,941 million or 7.38% from Baht 26,302 million. Total cost of sales is Baht 23,726 million, an increase of Baht 557 million or 2.40% from Baht 23,169 million. Gross profit is Baht 4,517 million, an increase of Baht 1,384 million or 44.17% from Baht 3,133 million. The selling expense is Baht 959 million, an increase of Baht 45 million or 4.92% from Baht 914 million due to the higher spending of advertising and sale promotion expenses including lucky draw campaign due to high competition. The administrative expense is Baht 375 million, an increase of Baht 62 million or 19.81% from Baht 313 million. In overall, the Company and its subsidiary has a net profit of Baht 2,754 million, an increase of Baht 851 million or 44.72% from Baht 1,903 million.

Yours sincerely,

(Mr.Visuth Vitayathanagorn)

Chairman of the Executive Board