



TVO/CP/18/035

August 14, 2018

Subject : Report of the Financial Statement, ended of June 30, 2018

Attention : The President of the Stock Exchange of Thailand

Dear Sirs,

This executive summary contains the 2<sup>nd</sup> quarter of 2018 operational performance of Thai Vegetable Oil Plc. Including the reviewed statement of financial position of the Company and its subsidiary as ended June 30, 2018. The information will be useful for investors and those who are interested in.

#### Operating Results Overview

Operating results of the Company and its subsidiary for three-month and six-month period ended June 30, 2018 were as follows;

Unit: Million Baht	For three-month period, ended June 30				For six-month period, ended June 30			
	2018	2017	Increase/(Decrease)		2018	2017	Increase/(Decrease)	
Sales	5,836	6,150	(314)	(5.11%)	12,189	12,153	36	0.30%
Sale of packing materials	89	73	16	21.92%	178	161	17	10.56%
<b>Total sales</b>	<b>5,925</b>	<b>6,223</b>	<b>(298)</b>	<b>(4.79%)</b>	<b>12,367</b>	<b>12,314</b>	<b>53</b>	<b>0.43%</b>
Cost of sales	4,991	5,722	(731)	(12.78%)	10,506	11,190	(684)	(6.11%)
<b>Gross profit</b>	<b>934</b>	<b>501</b>	<b>433</b>	<b>86.43%</b>	<b>1,861</b>	<b>1,124</b>	<b>737</b>	<b>65.57%</b>
Other income	50	50	-	-	72	65	7	10.77%
Profit (loss) on exchange rate	35	25	10	40.00%	54	15	39	260.00%
Selling expenses	247	238	9	3.78%	521	458	63	13.76%
Administrative expenses	59	88	(29)	(32.95%)	121	173	(52)	(30.06%)

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

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Unit: Million Baht	For three-month period, ended June 30				For six-month period, ended June 30			
	2018	2017	Increase/(Decrease)		2018	2017	Increase/(Decrease)	
Loss on reduction of inventory to net realizable value received (Reversal)	(5)	-	5	100.00%	(32)	-	32	100.00%
Financial cost	1	1	-	-	2	2	-	-
Profit before income tax expenses	717	249	468	187.95%	1,375	571	804	140.81%
Income tax expenses	128	29	99	341.38%	214	74	140	189.19%
Net profit attributable to equity holders of the Company	582	208	374	179.81%	1,140	471	669	142.04%
Non-controlling interests of the subsidiaries	7	12	(5)	(41.67%)	21	26	(5)	(19.23%)

In quarter 2/2018, the Company and its subsidiary had a net profit Baht 582 million, increasing by Bath 374 million or 179.81% from Baht 208 million when compared with the same quarter in 2017. The main reasons were;

#### 1. Sales Revenues

The Company and its subsidiary had sales revenue of Baht 5,925 million, decreasing by Baht 298 million or 4.79% from Baht 6,223 million when compared with the same quarter of last year. The sales revenue of the Company was from sales of products Baht 5,836 million, decreasing by Baht 314 million or 5.11% from Baht 6,150 million when compared with the same quarter of last year, mainly resulted from;

- A decrease of sales volume of soybean meal and other animal feed ingredients due to soybean meal, which was imported by animal feed manufactures, was delayed from quarter 1/2018 to quarter 2/2018 which managed to decrease sales volume of the Company. However, the Company was able to adjust the selling price in accordance with the price of soybean meal in the global market, which had increased since the quarter 1/2018 and remained high price. This result was from concerns about the shortage of soybean meal due to the drought crisis in Argentina, a major exporter of soybean meal.
- Sales volume of refined soybean oils was slightly decreased, as well as, selling price of soybean oil was dropped due to the impact on price of soybean oil and palm oil in the global market, which went down, coupled with the production and stock of domestic palm oil were still high, thus causing competition in the vegetable oil market.
- Sales of packaging materials were slightly increased due to more purchase orders from customers in fruit juice and sauces segment.

## 2. Cost of Sales and Gross Profits

The Company and its subsidiary's cost of sales was Baht 4,991 million, decreasing by Baht 731 million or 12.78% from Baht 5,722 million when compared with the same quarter of last year. The main reasons were;

- **Cost of Sales and Gross Profits of the Company:** The Company had gradually bought soybean at a low price since quarter 4/2017 continued to quarter 1/2018 resulted in the cost of soybean used in the production was lower than the price of soybean traded in the global market, coupled with an increase in selling price of soybean meal and effective production cost management led to the Company's gross profit increased from Baht 468 million to Baht 908 million, increasing by Baht 440 million or 94.02% and gross profit margin was 15.56% from 7.61% or increased 7.95% when compared with the same quarter of last year.
- **Cost of Sales and Gross Profits of the Company's subsidiary:** An increase in cost of plastic resin, the main raw material for packaging production, resulted in higher cost of sales of the Company's subsidiary and lower in gross profit and gross profit margin when compared with the same quarter of last year.

## 3. Gain on Exchange Rate

The Company had been successful in managing and hedging against exchange rate risk through forward contract together with the depreciation of Thai Baht since the middle of quarter 2/2018, resulted in the Company's gain on exchange rate totalling Baht 35 million in quarter 2/2018. This amount includes an unrealized gain on Mark-to-Market (MTM) of Baht 11 million.

## 4. Selling and Administrative Expenses

The Company and its subsidiary's selling expenses was Baht 247 million, increasing by Baht 9 million or 3.78% from Baht 238 million when compared with the same quarter of last year due to an increase of export expenses which was in line with higher sales volume and promotional expenses with Modern Trade for soybean oil market which was competitive.

Administrative Expenses was Baht 59 million, decreasing by Baht 29 million or 32.95% from Baht 88 million when compared with the same quarter of last year. This was due to the decrease of employee expense and advertising expenses.

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

In 2017, the Company recorded a loss from reduction of inventory to net realized value received Baht 39 million in some product items and the loss was partially reversed by Baht 27 million in quarter 1/2018 and Baht 5 million in quarter 2/2018 respectively.

### Conclusion of the operational performance of six-month period ended June 30, 2018

For the operational performance of the first half of 2018, the Company and its subsidiary had total sales revenue of Baht 12,367 million, increasing by Baht 53 million or 0.43% from Baht 12,314 million. Total cost of sales was Baht 10,506 million, decreasing by Baht 684 million or 6.11% from Baht 11,190 million. Gross profit was Baht 1,861 million, increasing by Baht 737 million or 65.57% from Baht 1,124 million. The selling expense was Baht 521 million, increasing by Baht 63 million or 13.76% from Baht 458 million. The administrative expense was Baht 121 million, decreasing by Baht 52 million or 30.06% from Baht 173 million. Overall, the Company and its subsidiary had a net profit of Baht 1,140 million, increasing by Baht 669 million or 142.04% from Baht 471 million.

Yours sincerely,

A handwritten signature in blue ink, consisting of a large, stylized 'B' followed by a vertical line and a small flourish.

(Mr. Bowon Vongsinudom)

Authorized Signatory