



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

TVO/CP/19/009

May 14, 2019

Subject : Report of the Financial Statement, ended of March 31, 2019
Attention : The President of the Stock Exchange of Thailand

Thai Vegetable Oil Public Company Limited would like to inform you the operating results of the Company and its subsidiary (collectively called the “Company”) for the first quarter of 2019 as follows:

Operating Results Overview

Operating results of the Company and its subsidiary for three-month period ended March 31, 2019 and 2018 were as follows;

Unit: Million Baht	2019	2018	Increase (Decrease)	
			Amount	%
Sales	5,891	6,276	(385)	(6.13)
Sales of packaging materials	101	89	12	13.48
Total sales	5,992	6,365	(373)	(5.86)
Cost of sales	5,389	5,580	(191)	(3.42)
Gross profit	603	785	(182)	(23.18)
Profit (loss) on exchange rate	15	19	(4)	(21.05)
Other income	28	21	7	33.33
Selling expenses	131	131	-	-
Administrative expenses	53	61	(8)	(13.11)
Loss on reduction of inventory to net realizable value received (Reversal)	(1)	(27)	26	96.30
Financial cost	1	1	-	-
Profit before income tax expenses	462	659	(197)	(29.89)
Income tax expenses	92	86	6	6.98
Net profit attributable to equity holders of the Company	358	558	(200)	(35.84)
Non-controlling interests of the subsidiaries	12	14	(2)	(14.29)

In the first quarter of 2019, the Company and its subsidiary had a net profit of Baht 358 million, decreased by Baht 200 million or 35.84% from Baht 558 million when compared to the same quarter of 2018. The main reasons were;

Sales Revenues

- **Revenue from sales of soybean meal and other animal feed ingredients** decreased by 2.77% when compared to the first quarter of 2018, mainly due to lower domestic selling prices which followed weaker soybean meal prices in international market. However, the Company managed to increase sales volume of soybean meal since there was less competition from imported soybean meal as a result of lower than normal export volume of soybean meal from Argentina which was affected by drought since the beginning of 2018 and new crop soybean has not yet been harvested.
- **Revenue from sales of refined soybean oil** decreased by 12.70% when compared to the first quarter of 2018, Given the fact that, the Company managed to increase sales volume by 5%, the selling price of refined soybean oil was affected by the lower international palm oil prices as well as the oversupply of domestic palm oil affected the price of palm oil. Therefore, the Company adjusted the selling price of soybean oil to increase competitive advantage in the edible vegetable oil market.
- **Revenue from sales of packaging materials** increased by 13.48% when compared to the first quarter of 2018 due to an increase in sales volume to drinking water segment.

Cost of Sales and Gross Profits

The Company and its subsidiary's cost of sales was Baht 5,389 million, decreased by Baht 191 million or 3.42% from Baht 5,580 million when compared to the same quarter in 2018. The main reasons were;

- **Cost of Sales and Gross Profits of the Company:** The cost of raw material; soybean, decreased from the first quarter of 2018, where the international price of the soybean was elevated on the back of soybean production from losses drought in Argentina, one of the world's largest soybean producers. While in the first quarter of 2019, Argentina's soybean production tends to come back to normal level which resulted in lower international soybean and soybean meal prices. Corresponding to the sales revenue from animal feed sector decreased along with the sales revenue from refined soybean oil, which resulted in a decrease of gross profit from Baht 747 million to Baht 568 million, down by Baht 179 million or 23.94% and gross profit margin decreased from 11.90% to 9.65% or down by 2.25% when compared to the same quarter last year.
- **Cost of Sales and Gross Profit of the Company's Subsidiary:** The cost of sales of the Company's subsidiary increased due to higher cost of plastic resin, the main raw material for packaging production, which has been volatile. This resulted in higher cost of sales, lower gross profit, and lower gross profit margin when compared to the same quarter last year

Gain on Exchange Rate

The Company had been managing exchange rate risk by entering into foreign exchange forward market. In the first quarter of 2019, Thai Baht was volatile and slightly depreciated when compared to the same quarter last year. This resulted in the Company's gain on exchange rate in the first quarter of 2019 totaling Baht 15 million, decreased from Baht 19 million in the first quarter of 2018. This gain on exchange rate already includes an unrealized gain on Mark-to-Market (MTM) of Baht 4.42 million.

Other Income

The Company and its subsidiary generated other incomes of Baht 28 million, increased by Baht 7 million or 33.33% from Baht 21 million when compared to the same quarter last year. The major component was profit from selling temporary investment totaling of Baht 6.12 million.

Selling and Administrative Expenses

The Company and its subsidiary's selling expenses was Baht 131 million equal to the same quarter last year, meanwhile the Company and its subsidiary's administrative expenses decreased by Baht 8 million or 13.11% from Baht 61 million when compared to the same quarter of last year. The main reason was due to the decrease in expense associated with Board of Investment (BOI) activities which was corresponded with the expiration of BOI certificate.

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

In the first quarter of 2019, the Company's subsidiary had a reversal loss reduction of inventory to net realizable value received in 2018 at Baht 1 million. However, in the first quarter of 2018, the Company had a reversal loss reduction of inventory to net realizable value received of Baht 27 million. Both reversals were realized in the income statement.

Conclusion of the operational performance for the three-month period ended March 31, 2019

For the operational performance for the three-month period ended March 31, 2019, the Company and its subsidiary had total sales revenue of Baht 5,992 million, decreased by Baht 373 million or 5.86%. Total cost of sales was Baht 5,389 million, decreased by Baht 191 million or 3.42%. Gross profit was Baht 603 million, decreased by Baht 182 million or 23.18%. The selling expense was Baht 131 million, equal to the same quarter of the last year. The administrative expense was Baht 53 million, decreased by Baht 8 million or 13.11%. Overall, the Company and its subsidiary had a net profit of Baht 358 million, decreased by Baht 200 million or 35.84% when compared to the same quarter of last year.

Yours sincerely,



(Mr. Bowon Vongsinudom)

Chief Executive Officer and President