

No. MDA-EN 02/2020

May 8th, 2020

The President

The Stock Exchange of Thailand

Re: Management Discussion and Analysis on financial performance of 1Q20 performance

1. Financial performance of Sunsweet Public Company Limited for 1Q20

Performance Overview

The operating results in 1Q20 are described as per the followings.

- Both domestic and international consumption grew up. Domestic markets expanding in Ready-to-eat products such as Roasted Japanese sweet potato, Sticky-style corn in pouch, and Tiger peanut. International markets expanding in Canned sweet corn products continuously in the Asia-Pacific region, Europe and America, which is caused by increasing the customer base, both new customers or existing customers. The consolidated sales revenue continued its solid growth was driven by (1) the addition of new products within the country, (2) increasing sales channels in retail groups and (3) maintaining international markets.
- On the contrary, due to drought affected in 1Q20, the Department of Planting had landed to solve the drought and plant diseases in order to increase the quantity of sweet corn raw material in accordance with the company production capacity and quality. The damage caused by drought during the planting period, the price of sweet corn price rose mainly contributed by lower outputs.
- THB depreciated against USD, where THB/USD in 1Q20 is on average of 31.28, when compared with 4Q19 is on average of 30.05.
- SUN also faced with external risks from the outbreak from the Covid-19 virus, the trade tensions between USA and China, and the impact of anti-dumping from the European Union

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2. Key Highlights of 4Q19

Unit: Million THB	1Q20	1Q19	Inc(dec)%
Revenue from sales of processed sweet corn and other agricultural products	587.5	409.3	43.5
Revenue from trading business	7.7	8.7	(11.8)
Revenue from other sales	18.6	17.8	4.9
Total revenue from sales	613.8	435.8	40.8
Other income	1.8	1.8	0.7
Gain on exchange rate	8.0	12.1	(33.6)
Total revenue	623.6	449.7	38.7
Cost of goods sold	(531.3)	(389.1)	36.5
Gross profit	82.5	46.7	76.7
Selling expenses	(40.5)	(33.3)	21.7
Administrative expenses	(14.9)	(17.6)	(15.5)
Unrealised losses on derivatives	(28.0)	0.0	100.0
Profit before financial costs and income tax	8.9	9.7	(7.9)
Finance costs	(0.7)	(1.0)	(28.4)
Profit before income tax	8.2	8.7	(5.5)
Income tax	2.2	(0.1)	(2,948.7)
Net profit for the period	10.4	8.6	20.9
<i>Gross profit margin (%)</i>	<i>13.4</i>	<i>10.7</i>	<i>25.5</i>
<i>Net profit margin (%)</i>	<i>1.7</i>	<i>1.9</i>	<i>(12.9)</i>

Summary of Financial Performance

Revenues

1. Revenues from Sales

SUN's consolidated revenues for 1Q20 was THB 613.8 million, an increase of THB 178.0 million or

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40.8% over the same period last year. Such increase consists of 1) significant rise in sales in Asia, Europe and America market as acquiring both existing and new customers in the region.

Especially in Asian countries, the covid-19 virus epidemic situation is still well managed such as Taiwan and Korea, so restaurants can still be opened. And able to order more sweet corn products continuously 2) Increase of domestic sales of Ready-to-eat products such as Roasted Japanese sweet potato, Sticky-style corn in pouch, and Tiger peanut, and also increasing the proportion of domestic retail products.

2. Other Income

The consolidated other income for 1Q20 was THB 1.8 million. The amount did not change when compared to the same period last year.

3. Gains on exchange rate

The consolidated gain on exchange rate for 1Q20 was THB 8.0 million decrease of THB 4.1 million over the same period last year.

Cost of Goods Sold and Gross Profit from Sales

SUN's consolidated gross profit for 1Q20 was THB 82.5 million. (Gross Profit Margin of 13.4%), increase of THB 35.8 million or 76.7% over the same period last year, which was THB 46.7 million. (Gross Profit Margin of 10.7%), mainly driven by:

- The selling price has increased when compared to the same period last year.
- The increase of production cost per unit as the result of (1) hire more external workers to increase flexibility in management. (2) The damage caused by drought during the planting period, the price of sweet corn price rose (3) The increase in depreciation expense from the new production line.

Selling Expenses

The consolidated Selling Expenses for 1Q20 was THB 40.5 million, an increase of THB 7.2 million or 21.7% over the same period last year. This increase was mainly driven by the increase in transportation cost and export expense in line with the revenue from sales.

General and Administration Expenses

The consolidated General and Administration Expenses for 1Q20 was THB 14.9 million, a decrease of

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THB 2.7 million or 15.5% over the same period last year, was mainly due to (1) the reduction in staff cost and other benefits, (2) the travelling and entertainment expenses decreased as a result of travel restriction measures from the COVID-19 situation.

Unrealised losses on derivatives

The consolidated Unrealised losses on derivatives for 1Q20 was THB 28.0 million, mainly due to the fair value measurement of foreign exchange contracts in the amount of USD 14.5 million at the end of the period. SUN has adopted financial reporting standards relating to financial instruments (TAS 32 and TFRS 9) retrospectively from January 1st, 2020.

Financial Costs

The consolidated Financial Costs for 1Q20 was THB 0.7 million, an decrease of THB 0.3 million or 28.4% over the same period last year, was mainly due to returning short-term loan from financial institutions for working capital.

Net Profit (loss) and Net Profit Margin

SUN's consolidated net profit for 1Q20 was THB 10.4 million, an increase of THB 1.8 million or 20.9% over the same period last year, was mainly driven by (1) the company and its subsidiaries continued its solid growth. The growth rate in the 1Q20 is 40.8% (2) Ability to good manage the selling and administrative expenses. (3) Although the cost of production for 1Q20 is affected by drought, epidemics and rising daily labor costs due to the adjustment of hiring external contractors for flexibility in management. (4) and there is an unrealized loss from derivatives.

The consolidated net profit margin decreased to 1.7% in 1Q20 from 1.9% in 1Q19 due to the reason mention above.

Yours sincerely,



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Sunsweet Public Company Limited

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