

No. MDA-EN 01/2021

February 22th, 2021

The President

The Stock Exchange of Thailand

Re: Management Discussion and Analysis on 4Q20 and FY2020 performance

1. Financial performance of Sunsweet Public Company Limited for 4Q20 and FY2020

Performance Overview

The operating results in 4Q20 are described as per the following.

- The operating results continue to grow from the previous quarter. The sales growth was mainly driven by (1) higher sales in Ready-to-eat products such as Ready-to-eat bagged sweet corn, Roasted Japanese sweet potato, Roasted purple sweet potato, Boiled tiger peanut and Ready-to-eat whole grain and (2) Expansion of overseas markets for Can and Frozen products, especially in the Asia-Pacific region such as Japan, South Korea, China India and Taiwan, including European Union. The sales orders have been added continuously. This is caused by increasing the customer base, both new customers or existing customers who turn to more order.
- The situation of THB is likely to depreciate, where THB/USD in 4Q20 averaging at 30.22, comparing with 4Q19, averaging at 30.05. However, THB/USD exchange rate is highly volatile. Therefore, the company had used financial instruments, such as forward foreign exchange contracts, in appropriate circumstances.
- The company has faced risks from the uncertain Thai economy due to the 2nd wave of COVID-19 spread in Thailand is more widespread and faster than the 1st wave. But the severity of the disease is less than the first. However, the development of the vaccine was clearer. It is expected that the impact on Thai economic activities will be less severe than the 1st wave due to less stringent measures. The Thai economy is expected to continue to recover.
- The company still had faced the foreign risks from (1) the trade tensions between USA and China, (2) The outbreak from the Covid-19 epidemic, (3) the impact of anti-dumping from the European Union. (4) the withdrawal of the United Kingdom from the European Union (Brexit). Those factors have led to the lockdown of ports in some countries. Causing the rotation rate of the cabinet in the system to be constantly jammed. Resulting in higher transportation and freight costs. The export activities were affected by the shortage of containers. However, foreign sales revenues can still expand in line with trading partners' economies. The company has therefore tried to find other channels to substitute for regular export.

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2. Key Highlights of 4Q20 and FY2020

Unit: Million THB	4Q20	4Q19	Increase (decrease) %	FY2020	FY2019	Increase (decrease) %
Revenue from sales of processed sweet corn and other agricultural products	609.0	511.5	19.1	2,499.4	1,826.2	36.9
Revenue from trading business	1.6	1.3	16.1	12.0	15.3	(21.3)
Revenue from other sales	21.5	19.1	12.3	99.2	78.2	26.8
Total revenue from sales	632.1	531.9	18.8	2,610.6	1,919.7	36.0
Other income	2.8	2.1	32.2	7.2	5.7	25.1
Gain on exchange rate	13.6	-	100.0	10.0	14.2	(29.9)
Unrealised gain on derivatives	4.4	-	100.0	2.3	-	100.0
Total revenue	652.9	534.0	22.2	2,630.1	1,939.6	35.6
Cost of goods sold	(546.3)	(490.8)	11.3	(2,188.5)	(1,774.8)	23.3
Gross profit	85.8	41.1	108.2	422.1	144.9	191.3
Selling expenses	(41.0)	(38.2)	7.3	(162.7)	(141.1)	15.4
Administrative expenses	(18.1)	(14.4)	25.3	(65.2)	(69.6)	(6.3)
Loss on exchange rate	-	(0.4)	(100.00)	-	-	-
Profit (loss) before financial costs and income tax	47.5	(9.8)	588.2	213.7	(45.9)	566.2
Finance costs	(0.4)	(1.8)	(75.4)	(1.8)	(5.7)	(69.1)
Profit (loss) before income tax	47.1	(11.6)	507.7	211.9	(51.6)	510.9
Income tax	(7.2)	2.4	402.4	(18.9)	9.7	295.6
Net profit (loss) for the period	39.9	(9.2)	535.0	193.0	(41.9)	560.6
Gross profit margin (%)	13.6	7.7	75.3	16.2	7.5	114.2
Net profit margin (%)	6.1	-1.7	455.9	7.3	-2.2	439.7

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Summary of Financial Performance

Revenues

1. Revenues from Sales

SUN's consolidated total revenues from sales for 4Q20 reached THB 632.1 million, representing an increase of THB 100.2 million or 18.8% over the same period last year. This increase was mainly driven by:

- i) Expansion of overseas markets for Can and Frozen products, especially in Asia-Pacific region such as Japan, South Korea, China, India and Taiwan including European Union due to new customers who are more stable customers in addition to the existing customers. Even with the situation of international travel restrictions due to the COVID-19 epidemic, however, the company has still maintained the close relationships with overseas customers via the online conference system.
- ii) Increased domestic sales from Ready-to-eat products such as Ready-to-eat bagged sweet corn, Roasted Japanese sweet potato, Roasted purple sweet potato, Boiled tiger peanut, Ready-to-eat whole gain, and ice cream available in convenience stores , restaurants and supermarkets.

SUN's consolidated total revenues from sales for FY2020 reached THB 2,610.6 million, representing an increase of THB 690.9 million or 36.0 % over the same period last year.

2. Other Income

The consolidated other income for 4Q20 was THB 2.8 million. Representing an increase of THB 0.7 million or 32.2 % over the same period last year.

The consolidated other income for FY2020 was THB 7.2 million. Representing an increase of THB 1.5 million or 25.1% over the same period last year.

3. Gain(Loss) on Exchange rate

The consolidated gain on exchange rate for 4Q20 was THB 13.6 million, representing an increase of THB 14.0 million or 3,691% over the same period last year, which was loss on exchange rate amounting to THB 0.4 million. This was mainly due to the depreciation of the THB/USD exchange rate in 4Q20 when compared to the 4Q19. Due to the THB/USD exchange rate volatility, therefore, the company uses financial instruments such as forward exchange contracts, in appropriate circumstances.

The consolidated gain on exchange rate for FY2020 was THB 10.0 million. Representing a decrease of THB 4.2 million over the same period last year.

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4. Unrealised gain on Derivatives

The consolidated Unrealised gain on derivatives for 4Q20 was THB 4.4 million, mainly due to the fair value measurement of foreign exchange sell contracts for USD 1.7 million at the end of the period. SUN has adopted financial reporting standards relating to financial instruments (TAS 32 TFRS7 and TFRS 9) retrospectively from January 1st, 2020.

The consolidated Unrealised gain on derivatives for FY2020 was THB 2.3 million,

Cost of Goods Sold and Gross Profit from Sales

SUN's consolidated gross profit for 4Q20 reached THB 85.8 million. (13.6% of Gross Profit Margin), Representing an increase of THB 44.7 million or 108.2% over the same period last year, which was THB 41.1 million. (7.7% of Gross Profit Margin), This increase was mainly driven by:

- The cost of production per unit in 4Q20 slightly decreased when compared to the same period last year due to higher production capacity, better production efficiency and being able to bring sweet corn into the production line regularly.
- The selling price for oversea has slightly increased comparing with the same period last year. In addition, The THB/USD in 4Q20 is likely to depreciate comparing with 4Q19.
- Revenue from other sales when compared to the same period last year was higher in line with the revenue from sales of processed sweet corn and other agricultural products.
- Increased in sales proportion of ready-to-eat products with high gross margins.

SUN's consolidated gross profit for FY2020 reached THB 422.1 million. (16.2% of Gross Profit Margin), Representing an increase of THB 277.2 million or 191.3% over the same period last year, which was THB 144.9 million. (7.5% of Gross Profit Margin).

Selling Expenses

The consolidated selling expenses for 4Q20 was THB 41.0 million with an increase of THB 2.8 million or 7.3% over the same period last year. This increase was mainly due to higher transportation cost and export expense in line with the revenue from sales.

The consolidated selling expenses for FY2020 was THB 162.7 million with an increase of THB 21.6 million or 15.4% over the same period last year.

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General and Administration Expenses

The consolidated general and administration expenses for 4Q20 was THB 18.1 million with an increase of THB 3.7 million or 25.3% over the same period last year. This increase was mainly driven by the special compensation for employees.

The consolidated general and administration expenses for FY2020 was THB 65.2 million with a decrease of THB 4.4 million or 14.6% over the same period last year. This because last year there was the reserve of employee benefits from the new Labor Protection Act.

Financial Costs

The consolidated financial costs for 4Q20 was THB 0.4 million, a decrease of THB 1.4 million or 75.4% over the same period last year, was mainly due to returning short-term loan from financial institutions for working capital.

The consolidated financial costs for FY2020 was THB 1.8 million, a decrease of THB 3.9 million or 69.1% over the same period last year.

Net Profit and Net Profit Margin

SUN's consolidated net profit for 4Q20 reached THB 39.9 million, an increase of THB 49.1 million or 535.0% 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 4Q20 is 19.1% (2) Increase in the percentage of sales of ready-to-eat products with high gross margins. (3) Unit production costs were slightly lower due to a slight increase in output. (4) The situation of THB is likely to depreciate (5) Ability to good manage the selling and administrative expenses. The % selling and administrative expenses to sales for 4Q20 represented 9.3%, decreasing from the same period last year, which was 9.9% (5) Using the financial instruments such as forward foreign exchange contracts appropriate to the situation.

The consolidated net profit margin for 4Q20 represented 6.1 %, increasing from the same period last year, which was -1.7% of net profit margin as the same above-mentioned factors.

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Net Profit and Net Profit Margin (Cont')

SUN's consolidated net profit for FY2020 reached THB 193.0 million, an increase of THB 234.9 million or 560.6% over the same period last year.

The consolidated net profit margin for FY2020 represented 7.3%, increasing from the same period last year, which was a negative -2.2% of net profit margin.

Yours sincerely,



(Mr. Vira Nopwattanakorn)

Chief Finance Officer

Sunsweet Public Company Limited

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