



บริษัท ลำสูง (ประเทศไทย) จำกัด (มหาชน)

Lam Soon (Thailand) Public Company Limited

CORPORATE HEADQUARTERS

64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea,
Khet Bangna, Bangkok 10260 Thailand

Tel +66-(0)2-361 8959 - 87

Fax (Mgmt) +66-(0)2-361 8988 - 89

Fax (Sales) +66-(0)2-361 8994 - 95

www.lamsoon.co.th

May 8, 2020,

**Subject: To submit the Interim Management Discussion and Analysis
For the three-month period ended 31 March 2020,**

To: Directors and Managers of the Stock Exchange of Thailand

Lam Soon (Thailand) Pcl. (LST) and its subsidiaries would like to inform the operating results for the three-month period ended 31 March 2020. Total revenues were Baht 1,695.5 million, compared to the same period of 2019 with revenues at Baht 1,550.1 million, increasing by 9.4%. The Profit attributable to equity holders of the Company was Baht 22.8 million, compared to the same period of 2019 with the Profit at Baht 90.2 million, decreasing by 74.7%.

The Company would like to submit the management discussion and financial performance analysis and explanation for the three-month period ended 31 March 2020.

Please be kindly informed.

Sincerely yours,

(Miss Anchalee Suebchantasiri)
Managing Director

REFINERY

236 Moo 4 Bangpoo Industrial Estate,
Sukhumvit Road, Phraek sa Sub-district,
Muang District, Samutprakarn 10280
Thailand

Tel +66-(0)2-709 3610 - 24
Fax +66-(0)2-324 0640

CRUSHING MILL

99/9 Moo 2 Sikao-Kuankun Road,
Kalasae Sub-district, Sikao District,
Trang 92150
Thailand

Tel +66-(0)75 270 690 -1
Fax +66-(0)75 270 692 -3



Interim Management Discussion and Analysis For the three-month period ended 31 March 2020

Financial performance analysis and explanation

For the three-month period ended 31 March 2020, the Company's sales increased by Baht 149.9 million or 13.6% compared to the same period of 2019. The main reason was that CPO price continuously increased since the end of 2019. The details are as follows:-

	Baht per kg
Nov-19	21.47
Dec-19	29.75
Jan-20	37.56
Feb-20	34.72
Mar-20	29.41

CPO price started rising because palm output declined by 34.0% compared with the same period of 2019. Furthermore, there was a project utilizing CPO to produce electricity that the crushing mills would supply CPO for Electricity Generating Authority of Thailand (EGAT) at the end of 2019, but CPO price substantially increased beyond selling price to EGAT. Consequently, most crushing mills delayed supplying CPO until April 2020. In addition, Ministry of Energy determined Biodiesel B10 to be distributed at all petrol stations in country since 1 March 2020. This circumstance caused CPO price continuously rose before the season of harvesting fresh fruit bunch (FFB) in April 2020.

As CPO expeditiously increased as mentioned above, the Company could not adjust selling price to keep up with the CPO market price; therefore cost of sales ratio increased from 81.8% to 91.5% that was higher ratio than the increase of selling price. As a result, the company had profit for the period at Baht 9.2 million, a decrease of 80.7 million Baht or 89.8% from the same period of 2019.

The subsidiary company (UPOIC)'s sales increased by Baht 187.8 million or 182.9% from Q1/2019. The main reason was that the average selling prices of CPO and CPKO increased by 80.4% and 20.7% respectively, and sales volume of CPO and CPKO increased by 67.4% and 82.7% respectively.

For its subsidiary company (UFC), sales decreased by Baht 29.5 million or 6.9%, driven by a decrease in sales of canned fruits and vegetables Baht 29.7 million, while sales of beverages increased by Baht 2.4 million. Profit for the period decreased by Baht 3.6 million or 25.7%.

As reasons above, profit attributable to equity holders of the Company for the period was Baht 22.8 million, decreasing by Baht 67.3 million or 74.7% (Q1/2019: Baht 90.2 million). Profit ratio for the period was 1.3% (Q1/2019: 5.8%).

Other major components and changes in consolidated financial statements were as follows:-

1. Revenues

Sales and service income : Sales and service income under the Company and its subsidiaries for the period increased by Baht 141.7 million or 9.2%. The increment mainly came from sales of LST which increased by Baht 149.9 million or 13.6%, resulted from the increase in the average selling price 35.0%, while sales volume decreased 15.5%.

Other income : The Company and its subsidiaries had income other than those generated by normal operation Baht 17.8 million or 1.1% of total revenues (Q1/2019: Baht 14.0 million). Other income mainly came from gain from selling scrap and assets of company such as palm shell Baht 5.2 million, gain from exchange rate of UFC Baht 4.3 million, and selling palm shell of UPOIC Baht 3.0 million

Interim Management Discussion and Analysis For the three-month period ended 31 March 2020

2. Expenses

Cost of sales and service : The Company and its subsidiaries recorded cost of sales and service for the period at 88.9% of total sales (Q1/2019: 82.9%). The increment mainly came from cost of sales under LST that was 91.5% (Q1/2019: 81.8%) because the average unit cost of CPO significantly increased by 107.4%.

Plantation subsidiary (UPOIC) recorded cost of sales and service at Baht 272.2 million, increasing by Baht 173.5 million or 175.8% from Q1/2019 because the average FFB cost raised by 83.1%. The subsidiary company (UFC) recorded cost of sales and service at 84.8% of total sales (Q1/2019: 85.7%).

Selling expenses : The Company and its subsidiaries recorded selling expenses at Baht 113.4 million (Q1/2019: Baht 107.8 million), increasing by Baht 5.6 million. Selling expenses of LST increased by Baht 1.8 million mainly from provision for bad debt, and UPOIC's selling expenses increased by Baht 2.6 million from goods transportation which is in line with sales volume.

Administrative expenses : Administrative expenses of the Company and its subsidiaries were Baht 55.9 million (Q1/2019: Baht 56.6 million), decreasing by Baht 0.6 million. Admin expenses of UPOIC decreased by Baht 6.7 million mainly from less land expenses and legal fee.

Loss from change in fair value of biological assets : The subsidiary (UPOIC) realized loss from change in fair value of biological assets of Baht 4.6 million (Q1/2019: loss Baht 3.9 million).

3. Profits

Gross profit (GP) : GP of the Company and its subsidiaries decreased by Baht 76.6 million or 29.2%. The consolidated GP was 11.1% of total sales (Q1/2019: 17.1%). For the Company, GP decreased by Baht 92.9 million.

Profit for the period : Profit attributable to equity holders of the Company for the three-month period ended 31 March 2020 was Baht 22.8 million (Q1/2019: Baht 90.2 million), decreasing by Baht 67.3 million or 74.7%, with net profit of 1.3% of total revenues (Q1/2019: 5.8%).