



บริษัท ลำสูง (ประเทศไทย) จำกัด (มหาชน)

**Lam Soon (Thailand) Public Company Limited**

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February 25, 2021

**Subject: To submit the Management Discussion and Analysis  
For the year ended 31 December 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 year ended 31 December 2020. Total revenues were Baht 6,838.6 million, compared to the year 2019 with revenues at Baht 6,453.9 million, increasing by 6.0%. The Profit attributable to equity holders of the Company was Baht 383.0 million, compared to the year 2019 with the Profit attributable to equity holders of the Company at Baht 482.1 million, decreasing by 20.6%.

The Company would like to submit the management discussion and financial performance analysis and explanation for the year ended 31 December 2020.

Please be kindly informed.

Sincerely yours,

(Miss Anchalee Suebchantasiri)  
Managing Director

**CC: The Securities and Exchange Commission**

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Certification



### **Financial performance analysis and explanation**

For the 2020 financial year, the Company's sales revenue increased by 411.2 million Baht or 9.0% compared to the year 2019. The main reason was that the average selling price per unit increased by 23.0% while sales volume decreased by 11.4%. Cost of sales ratio (percent to sales) increased from 79.9% to 85.8%. The major reason was that FFB output supplied to the market decreased by 10.1% from 2019. Furthermore, in October 2019, Electricity Generating Authority of Thailand (EGAT) purchased CPO for electricity production amounting 110,000 tons which started delivery since the end of 2019 and completed in May 2020. Also, in June 2020, EGAT repurchased CPO amounting 37,550 tons which completed delivery in August 2020. In addition, the Government increased biodiesel from B7 to B10 effective on 1 March 2020 and enforced B10 biodiesel to become the primary diesel from 1 October 2020 onwards including provided B7 and B20 as alternatives. As per the Government's policies above, CPO price increased in higher level than year 2019. As a result, the average CPO price in the Kingdom for 2020 was 28.05 Baht/Kg (2019 : 18.23 Baht/Kg). Because of the higher raw material cost in average, the Company's gross profit in the year 2020 decreased by 210.9 million Baht, and the net profit declined by 233.2 million Baht or 45.8% from the year 2019.

Sales of the subsidiary company (UPOIC) in 2020 increased by 378.0 million Baht or 69.3% from 2019. This was mainly due to average selling prices of CPO and CPKO increasing by 40.8% and 29.1% respectively. In addition, sales volume of CPO and CPKO increased by 18.8% and 8.7% respectively. The increment of selling price is higher rate than the increment of cost of sales, affecting to higher gross profit. Furthermore, the administrative expenses decreased and selling expenses was stable, resulting in the increase of subsidiary's net profit.

The sales revenue of Universal Food Public Company Limited (UFC) in 2020 was at 1,590.0 million Baht representing a 7.6% decrease (2019 : 1,721.2 million Baht). Total export sales revenue contracted by 3.8% to 1,210.9 million Baht. It has been a challenging year for many industries across the globe. The unprecedented COVID-19 pandemic created major changes in customer consumption, behaviour and shopping patterns. Disruption in supply chain and international transportation adversely impacted overall cost.

For reasons stated above, profit attributable to equity holders of the Company for year 2020 was 383.0 million Baht, decreasing by 99.0 million Baht or 20.6% (2019: 482.1 million Baht). Profit ratio for the period was 5.6% (2019: 7.5%).

Other major components and changes in 2020 consolidated financial statements are as follows:-

#### **1. Revenues**

**Sales and service income** : Sales and service income under LST increased by 411.2 million Baht or 9.0%, resulting from the increment in the average selling price per unit 23.0%, while sales volume decreased by 11.4% mainly due to the situation of COVID-19 pandemic which caused government to announce policies "Lockdown", "Curfew", "Food Take away", and "No social activities" during the year.

Sales and service income under the Company and its subsidiaries for the period increased by 332.9 million Baht or 5.2%. Sales revenue in each product group is as table below.

## Management Discussion and Analysis For the year ended 31 December 2020

### The Company and subsidiaries

Product/Services by Group	2019	2020	Increase (Decrease)
	Mil. Baht	Mil. Baht	Mil. Baht
Vegetable oil	3,904.2	4,328.2	424.0
Margarine and Shortening	655.0	675.7	20.7
Other palm based products	39.2	61.4	22.2
Selling Electricity power to PEA	9.4	9.1	(0.3)
Beverages	1,094.1	955.8	(138.3)
Fruits and Vegetables	586.3	581.6	(4.7)
Sauces and Seasonings and others	109.6	118.9	9.3
<b>Total Sales - Net</b>	<b>6,397.7</b>	<b>6,730.7</b>	<b>332.9</b>

**Other income** : The Company and its subsidiaries had income other than those generated by normal operation at 70.5 million Baht or 1.0% of total revenues (2019: 56.1 million Baht). Details are set out below.

Company	Other income Mil. Baht	Sources
LST	34.3	Sales of palm shell and scrap
UPOIC	25.4	Sales of fixed assets and palm shell
UFC	15.7	Volume rebate from packaging supplier

**Compensation from insurance** : The subsidiary company (UPOIC) gained insurance compensation from fire accident 18.7 million Baht recorded in December 2020.

## 2. Expenses

**Cost of sales** : The Company and its subsidiaries recorded cost of sales for the period at 83.2% of total sales (2019: 80.0%). Cost of sales under LST was 85.8% (2019: 79.9%) because the average unit cost of CPO increased by 56.7%.

UPOIC recorded cost of sales at 756.5 million Baht, increasing by 313.1 million Baht or 70.6% from 2019 because the average FFB cost increased by 41.4%.

UFC recorded cost of sales at 83.5% of total sales (2019: 84.5%).

## Management Discussion and Analysis For the year ended 31 December 2020

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**Selling expenses** : The Company and its subsidiaries recorded selling expenses at 480.8 million Baht (2019: 471.2 million Baht), increasing by 9.5 million Baht. Selling expenses under LST increased by 9.8 million Baht mainly from warehouse expenses due to renovating new warehouse and higher advertising expenses.

**Administrative expenses** : Administrative expenses of the Company and its subsidiaries were 212.6 million Baht (2019: 234.8 million Baht), decreasing by 22.1 million Baht. UPOIC's administrative expenses decreased by 19.7 million Baht mainly from higher expenses in 2019 by returning 973 rai of land and palm trees to Sor Por Kor, less the legal fee and Krabi Noi land expenses. Administrative expenses under LST decreased by 4.3 million Baht mainly from less provision on pension.

**Profit from change in fair value of biological assets** : UPOIC realised profit from change in fair value of biological assets of 18.7 million Baht (2019: loss 26.9 million Baht) because the average selling price of CPO and CPKO increased by 40.8% and 29.1% respectively.

**Share of profit (loss) from investment in joint venture** : In 2020, UPOIC recorded loss from investment in joint venture at 3.8 million Baht (2019: loss 6.8 million Baht). The major reason was that there was an improvement in the accounting record for the yield rate in cost calculation affecting write-off stock to decrease. Also, the travelling expenses decreased due to COVID-19 situation. In addition, in 2019, there was adjustment of provision for long-term employee benefits. Under the new regulation, employees who have worked for a period of 20 years or more are entitled to receive compensation from 300 to 400 days.

### 3. Profits

**Gross profit (GP)** : GP of the Company and its subsidiaries decreased by 150.4 million Baht or 11.7%. The consolidated GP was 16.8% of total sales (2019: 20.0%). GP of the Company decreased by 210.9 million Baht whereas GP of UPOIC increased by 64.9 million Baht.

**Profit before income tax expenses** : The profit before income tax expenses of the Company and its subsidiaries decreased by 57.1 million Baht.

**Profit for the year** : Profit attributable to equity holders of the Company for the year ended 31 December 2020 was 383.0 million Baht (2019: 482.1 million Baht), decreasing by 99.0 million Baht or 20.6%. The profit attributable to equity holders was 5.6% of total revenues (2019: 7.5%) and was 0.47 Baht per share (2019: 0.59 Baht per share).