

Management Discussion and Analysis

This interim MD&A report has been prepared based on the consolidated of GFPT Public Company Limited (“GFPT” or “the Company”) and its subsidiaries (collectively, “GFPT Group”) for the 1st Quarter 2021 as well as included any significant transactions occurred during the 1st Quarter 2021.

GFPT Group operates fully vertical-integrated chicken production covering feed production, grandparent farm, breeder farm, broiler farm, production and distribution of chicken meat, cooked chicken products, and other chicken-related products under customers’ and the Company’s brand name for both domestic and international markets.

GFPT’s strategy is committed to being a leading poultry business focusing on quality and international food safety standards. Furthermore, GFPT Group maintains its competitive advantage by concentrating on its own farm policy and cost advantage through economies of scale.

A summary of the key operational matters and events for the 1st Quarter 2021

Financial Highlights	1Q 2021		1Q 2020		Change	
	THB million	% Sales	THB million	% Sales	THB million	%
Revenue from Sales	3,298.38	100.00	3,682.20	100.00	(383.82)	(10.42)
Gross Profit	314.93	9.55	539.71	14.66	(224.78)	(41.65)
EBITDA	420.27	12.74	758.02	20.59	(337.75)	(44.56)
Net Profit	60.62	1.84	324.66	8.82	(264.04)	(81.33)

The COVID-19 pandemic has disrupted global economy in term of lower production and lessen purchasing power resulting in lower export volume for export market and weaker consumption in domestic market. As a result, GFPT Group had total revenue from sales of THB 3,298.38 million in 1Q2021, representing a decrease of THB 383.82 million or 10.42% down from 1Q2020 mainly from lower revenue of farm business which decreased by THB 171.31 million or 13.75% down comparing to 1Q2020 and lower revenue of food business which decreased by THB 160.90 million or 9.37% down comparing to 1Q2020.

The consolidated gross profit was THB 314.93 million in 1Q2021, decreased by THB 224.78 million or 41.65% down from 1Q2020 from lower revenue from sales. The consolidated gross profit margin contributed of 9.55% in 1Q2021, decreased from 14.66% in 1Q2020.

The participating profit from associates was THB 31.85 million in 1Q2021, decreased by THB 68.41 million or 68.23% down comparing to 1Q2020. In addition, the consolidated EBITDA in 1Q2021 was THB 420.27 million, decreased by THB 337.75 million or 44.56% down from 1Q2020.

Finally, consolidated net profit in 1Q2021 accounted for THB 60.62 million or equal to EPS of THB 0.05 per share, or 81.33% down from 1Q2020. For capital structure of the Group, as at March 31, 2021, the consolidated debt to equity ratio was 0.41 time.

Overall Financial Performance and Profitability

Business Segment of GFPT Group	1Q 2021		1Q 2020		Change	
	THB million	%	THB million	%	THB million	%
Food Segment	1,555.70	47.17	1,716.60	46.62	(160.90)	(9.37)
Farm Segment	1,074.61	32.58	1,245.92	33.84	(171.31)	(13.75)
Feed Segment	668.07	20.25	719.68	19.54	(51.61)	(7.17)
Revenue from Sales	3,298.38	100.00	3,682.20	100.00	(383.82)	(10.42)

Revenue from Sales

The consolidated revenue from sales for 1Q2021 were THB 3,298.38 million, decreased by THB 383.82 million or 10.42% down from 1Q2020, mostly from lower revenue of farm business which decreased by THB 171.31 million or 13.75% down comparing to 1Q2020 and lower revenue of food business which decreased by THB 160.90 million or 9.37% down comparing to 1Q2020.

The consolidated revenue from sales in 1Q2021 consisted of food segment represented 47.17%, farm segment represented 32.58%, and feed segment represented 20.25%,

Food Segment

Revenue from food business in 1Q2021 consisted of revenue from direct export cooked chicken products and fresh frozen chicken meat, indirect export of chicken meat, domestic sales of chicken parts, chicken by-products, and processed food product such as chicken sausage, all together represented 47.17% of revenue from sales, amounting THB 1,555.70 million, decreased by THB 160.90 million or 9.37% down from 1Q2020.

In 1Q2021, revenue from indirect export decreased by THB 148.97 million or 24.24% down from 1Q2020 from decreasing in sales volume and average selling price of indirect export of chicken meat. Nevertheless, revenue from domestic sales of chicken parts and chicken by-products increased by THB 48.02 million or 12.45% up from 1Q2020 from increasing in sales volume and average selling price of domestic sales of chicken parts and chicken by-products.

Farm Segment

Revenue from farm business consisted of revenue from selling live broilers to GFN, our joint venture, selling day-old-chicks to both international and domestic market, and selling cage-free eggs to domestic market, represented 32.58% of revenue from sales in 1Q2021.

In 1Q2021, revenue from farm business was THB 1,074.61 million, decreased by THB 171.31 million or 13.75% down from 1Q2020 mainly from lower revenue from selling live broilers which decreased by THB 149.66 million or 13.72% down from lower sales volume of live broilers.

Feed Segment

Revenue from feed business consisted of revenue from animal feed, fish feed, and shrimp feed, represented 20.25% of revenue from sales in 1Q2021, amounting THB 668.07 million, decreased by THB 51.61 million or 7.17% down from 1Q2020.

In 1Q2021, revenue from animal feed decreased by THB 44.08 million or 11.15% down from 1Q2020 mostly from lower sales volume of animal feed.

Cost of Sales and Gross Profit

Cost of sales for in 1Q2021 was THB 2,983.45 million, decreased by THB 159.04 million or 5.06% down from 1Q2020 while gross profit in in 1Q2021 was THB 314.93 million, decreased by THB 224.78 million or 41.65% down from 1Q2020 primarily from lower revenue from sales.

Cost of sales for in 1Q2021 contributed of 90.45% of revenue from sales, increased from 85.34% in 1Q2020 while gross profit margin contributed about 9.55% in 1Q2021, decreased from 14.66% in 1Q2020 primarily from higher price of major raw material which are corn and soybean meal.

Other Income

The consolidated other income in 1Q2021 was THB 99.71 million, decreased by THB 16.32 million or 14.07% down from 1Q2020, predominantly from loss from exchange rate and lower gain from derivative. The consolidated other incomes in 1Q2021 was 3.02% of revenue from sales, gradually decreased from 3.15% in 1Q2020.

Selling General and Administrative Expenses

The consolidated SG&A expenses in 1Q2021 equaled to THB 344.81 million, increased by THB 13.97 million or 4.22% up from 1Q2020. The Consolidated SG&A expenses increased since higher loss from selling parent chicken retirement and higher freight cost comparing to 1Q2020. The consolidated SG&A expenses in 1Q2021 were 10.45% of revenue from sales, increased from 8.98% in 1Q2020.

Share of Profit from Associated Companies

The consolidated share of profit from associated companies based on the equity method in 1Q2021 was THB 31.85 million, decreased by THB 68.41 million, or 68.23% down from 1Q2020 mainly from GFN's loss contribution was THB 51.99 million, increased by THB 64.24 million or 524.56% up comparing to 1Q2020 mainly from lower export volume of processed chicken. Besides, McKey's profit contribution was THB 83.84 million, decreased by THB 4.16 million or 4.73% down from 1Q2020.

Financial Costs

Financial costs of the group include the interest paid to financial institutions and related persons. The Company's financial costs in 1Q2021 were THB 18.65 million, decreased by THB 5.45 million or 22.62% down from 1Q2020 mainly from lower interest expense comparing to 1Q2020. Costs of funds in 1Q2021 were 2.14%, slightly decreased from 1Q2020 at 2.74%. The consolidated financial costs of the group in 1Q2021 were 0.57% of revenue from sales, slightly decreased from 0.65% in 1Q2020.

Income Tax Expenses

The income tax expense of the Group in 1Q2021 was THB 20.99 million, decreased by THB 52.58 million or 71.47% down from 1Q2020 mainly from lower tax expenses from lower profit comparing to 1Q2020.

Net Profit

The consolidated net profit in 1Q2021 was THB 60.62 million, decreased in amount of THB 264.04 million or 81.33% down from THB 324.66 million in 1Q2020. The EPS of 1Q2021 was THB 0.05 per share. The decrease in consolidated net profit was primarily driven from lower revenue from sales comparing to 1Q2020. The consolidated net profit margin in 1Q2021 was 1.84% of revenue from sales, decreased from 8.82% in 1Q2020.

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

Unit: Million Baht

	1Q 2021	1Q 2020	Change	% Change
EBIT	101.69	425.16	(323.47)	(76.08)
Depreciation Expense	314.78	328.72	(13.94)	(4.24)
Amortization Expense	3.80	4.14	(0.34)	(8.15)
EBITDA	420.27	758.02	(337.75)	(44.56)
EBITDA Margin (%)	12.74	20.59		(7.85)

The consolidated EBITDA in 1Q2021 was THB 420.27 million, decreased by THB 337.75 million or 44.56% down from 1Q2020. The decreasing in consolidated EBITDA resulted from lower revenue from sales. The EBITDA margin in 1Q2021 was 12.74%, decreased from 20.59% in 1Q2020.

Financial Position
Assets

For the consolidated financial statements as of March 31, 2021, total assets of the GFPT Group equal to THB 20,808.77 million including THB 5,842.95 million (28.08% of total assets) in current assets, THB 10,393.51 million (49.95% of total assets) in property, plant and equipment (PP&E), THB 3,193.75 million (15.35% of total assets), in investments in associated companies, THB 427.75 million (2.06% of total assets) in grandparent chicken and parent chicken and THB 950.81 million (4.57% of total assets) in investment in property and other non-current assets.

Total assets as at March 31, 2021 increased in amount of THB 399.00 million or 1.95% up from December 31, 2020 from an increase in property, plant and equipment of THB 348.24 million and increase in cash and cash equivalents of THB 147.57 million

Liabilities

As at March 31, 2021, total liabilities of the Company and its subsidiaries was THB 6,037.30 million comprising of current liabilities of THB 2,788.88 million (46.19% of total liabilities), long-term loans from related persons of THB 2,220.00 million (36.77% of total liabilities), provision for employees benefit of THB 574.38 million (9.51% of total liabilities), deferred rental income of THB 101.36 million (1.68% of total liabilities), lease liabilities of THB 338.67 million (5.61 % of total liabilities), and other non-current liabilities of THB 14.01 million (0.23% of total liabilities).

The total liabilities as at March 31, 2021 increased by THB 336.96 million or 5.91% up from December 31, 2020 primarily from trade and other payables increased in amount of THB 290.82 million. All short-term and long-term loans of the Group are in THB currency only, thus; The Company has no exposure in foreign currency borrowings.

As at March 31, 2021, trade and other payables of the Company and its subsidiaries was THB 1,371.25 million, increased in amount of THB 290.82 million or 26.92% up from December 31, 2020.

The consolidated interest-bearing liabilities as at March 31, 2021 were THB 3,480.00 million, increased from December 31, 2020 in amount of THB 67.00 million mainly from long-term loans from related persons increased in amount of THB 60.00 million.

Shareholders' Equity

As at March 31, 2021, the consolidated shareholders' equity in amount of THB 14,771.47 million, an increase of THB 62.04 million or 0.42% up from December 31, 2020; primarily from the increase in retained earnings in amount of THB 60.62 million. The consolidated book value as at March 31, 2021 was THB 11.78 per share, slightly increased from THB 11.73 per share as at December 31, 2020.

Liquidity**Cash Flow Activities**

For the three-month period ended March 31, 2021, the Company and its subsidiaries generated cash flows from operating activities of approximately THB 600.03 million, decreased by THB 448.04 million from the same period last year.

For the three-month period ended March 31, 2021, the Company and its subsidiaries used net cash in its investing activities in amount of THB 495.08 million, decreased by THB 23.74 million from the same period last year.

For the three-month period ended March 31, 2021, the Company and its subsidiaries generated net cash from its financing activities in an amount of THB 42.62 million, decreased by THB 16.25 million from the same period last year.

As at March 31, 2021, the Company and its subsidiaries' cash position in cash and cash equivalents was THB 1,335.03 million, decreased by THB 340.34 million from the same period last year.

Liquidity Ratios

As at March 31, 2021, the liquidity of the Company and its subsidiaries was considerably appropriate for its operations and had strong financial position. As at March 31, 2021, the consolidated current ratio was 2.10 times, slightly decreased from 2.28 times as at December 31, 2020. The quick ratio was 0.72 time, slightly decreased from December 31, 2020 at 0.74 time.

Short-term Debt Maturity

As at March 31, 2021, the Company and its subsidiaries' current liabilities of THB 2,788.88 million comprise of short-term loans from financial institutions of THB 700.00 million, trade payables and other payables of THB 1,371.25 million, current portion of long-term loans from related persons of THB 560.00 million and other current liabilities of THB 157.63 million.

Due to its strong position in cash flow and liquidity, the Company and its subsidiaries can repay the debt obligations including trade payables and other payables, short term loans, the current portion of long-term loans from financial institutions, and interest expenses. The repayment can be made from cash flow from operation activities. As at March 31, 2021, the consolidated current ratio was 2.10 times, the net debt to equity ratio was low at 0.24 time.

The Company and its subsidiaries still had available credit line of the revolving short-term borrowings with financial institutions including bank overdraft in amount of THB 242.00 million and short-term loans, letters of credit, trust receipts, packing credit in amount of THB 7,180.57 million and forward foreign exchange contract in amount of THB 1,070.29 million.

Capital Structure

The Company and its subsidiaries had strong financial position. As at March 31, 2021, the consolidated debt to equity ratio was 0.41 time, slightly increased from 0.39 time as at December 31, 2020.

As at March 31, 2021, the consolidated interest-bearing liabilities were THB 3,480.00 million, increased from THB 3,413.00 million as at December 31, 2020. The net debt to equity of the Group was considerably low at 0.24 time, slightly increased from 0.23 time as at December 31, 2020. In summary, the Company had appropriate capital structure.

GFPT Group Expansion Plan

In the Future, the Company has planned to grow organically by investing in greenfield projects. We focus on capacity expansion along the stream of our vertical integrated chicken production. Firstly, broiler farm operation will be expanded to reach capacity of 380,000 birds per day. Secondly, we are constructing the new chicken processing plant with a capacity of 150,000 birds per day. Finally, the further processing plant will be in the next phase of construction to produce cooked product for export with capacity of 24,000 metric tons per year.

The investment budget for these projects is estimated to be around THB 1,200 - 1,500 million per year. However, this expansion plan can be adjusted depending on changes of future situation.

Interim Management Discussion and Analysis for the 1st Quarter 2021

Consolidated statement of financial position of GFPT Public Company Limited and its subsidiary companies

As at March 31, 2021 and December 31, 2020

	As at Mar 31, 2021		As at Dec 31, 2020		Change	
	MB	%	MB	%	MB	%
Cash and Cash Equivalent	1,335.03	6.42	1,187.46	5.82	147.57	12.43
Trade and Other Receivable	726.99	3.49	715.06	3.50	11.93	1.67
Inventories	3,729.34	17.92	3,798.30	18.61	(68.96)	(1.82)
Derivative Assets	23.15	0.11	3.55	0.02	19.60	552.38
Other Current Assets	28.44	0.14	33.45	0.16	(5.01)	(14.99)
Total Current Assets	5,842.95	28.08	5,737.82	28.11	105.13	1.83
Investment in Associated Companies	3,193.75	15.35	3,159.11	15.48	34.64	1.10
Grandparent Chickens	84.00	0.40	101.98	0.50	(17.98)	(17.63)
Parent Chickens	343.74	1.65	402.34	1.97	(58.60)	(14.56)
Investment Property	382.77	1.84	340.52	1.67	42.25	12.41
Property, Plant and Equipment	10,393.51	49.95	10,045.27	49.22	348.24	3.47
Right-of-Use Assets	372.94	1.79	379.48	1.86	(6.55)	(1.73)
Deferred Tax Assets	113.64	0.55	118.29	0.58	(4.65)	(3.93)
Other Non-Current Assets	81.46	0.39	124.95	0.61	(43.49)	(34.80)
Total Non-Current Assets	14,965.82	71.92	14,671.94	71.89	293.87	2.00
Total Assets	20,808.77	100.00	20,409.77	100.00	399.00	1.95
Short-Term Loans from Financial Institutions	700.00	3.36	700.00	3.43	-	-
Trade and Other Payable	1,371.25	6.59	1,080.43	5.29	290.82	26.92
Current Portion of Deferred Rental Income	10.95	0.05	9.76	0.05	1.19	12.23
Current Portion of Long-Term Loans from RPT	560.00	2.69	553.00	2.71	7.00	1.27
Current Portion of Lease Liabilities	19.08	0.09	19.13	0.09	(0.04)	(0.22)
Income Tax Payable	113.91	0.55	97.69	0.48	16.21	16.60
Derivative Liabilities	4.54	0.02	17.89	0.09	(13.35)	(74.61)
Other Current Liabilities	9.14	0.04	37.84	0.19	(28.69)	(75.83)
Total Current Liabilities	2,788.88	13.40	2,515.73	12.33	273.15	10.86

Interim Management Discussion and Analysis for the 1st Quarter 2021

	As at Mar 31, 2021		As at Dec 31, 2020		Change	
	MB	%	MB	%	MB	%
Long-Term Loans from Related Persons	2,220.00	10.67	2,160.00	10.58	60.00	2.78
Deferred Rental Income	101.36	0.49	98.00	0.48	3.37	3.44
Lease Liabilities	338.67	1.63	344.35	1.69	(5.68)	(1.65)
Provision for Employee Benefit	574.38	2.76	568.13	2.78	6.26	1.10
Other Non-Current Liabilities	14.01	0.07	14.14	0.07	(0.13)	(0.93)
Total Non-Current Liabilities	3,248.42	15.61	3,184.61	15.60	63.82	2.00
Total Liabilities	6,037.30	29.01	5,700.34	27.93	336.96	5.91
Total Shareholders' Equity	14,771.47	70.99	14,709.43	72.07	62.04	0.42
Total Liabilities and Shareholders' Equity	20,808.77	100.00	20,409.77	100.00	399.00	1.95

Interim Management Discussion and Analysis for the 1st Quarter 2021

Consolidated Income Statement of GFPT Public Company Limited and its subsidiary companies

For the three-month period ended March 31, 2021 and 2020

	1Q 2021		1Q 2020		Change	
	MB	%	MB	%	MB	%
Revenue from Sales	3,298.38	100.00	3,682.20	100.00	(383.82)	(10.42)
Cost of Sales	(2,983.45)	(90.45)	(3,142.49)	(85.34)	(159.04)	(5.06)
Gross Profit	314.93	9.55	539.71	14.66	(224.78)	(41.65)
Other Income	99.71	3.02	116.03	3.15	(16.32)	(14.07)
Selling Expenses	(134.60)	(4.08)	(125.77)	(3.42)	8.83	7.02
Administrative Expenses	(210.21)	(6.37)	(205.07)	(5.57)	5.14	2.50
Share of Profit from Associates	31.85	0.97	100.25	2.72	(68.41)	(68.23)
Financial Costs	(18.65)	(0.57)	(24.11)	(0.65)	(5.45)	(22.62)
Profit before Income Taxes	83.03	2.52	401.05	10.89	(318.02)	(79.30)
Income Tax Expenses	(20.99)	(0.64)	(73.58)	(2.00)	(52.58)	(71.47)
Profit for The Period	62.04	1.88	327.48	8.89	(265.44)	(81.06)
Non-Controlling Interests	(1.42)	(0.04)	(2.82)	(0.08)	(1.40)	(49.52)
Net Profit	60.62	1.84	324.66	8.82	(264.04)	(81.33)

Interim Management Discussion and Analysis for the 1st Quarter 2021

Consolidated Cash Flows Statement of GFPT Public Company Limited its subsidiary companies

For the three-month period ended March 31, 2021 and 2020

	Y 2021	Y 2020	Change
	MB	MB	MB
Net Cash Received from Operating Activities	600.03	1,048.07	(448.04)
Net Cash Used in Investing Activities	(495.08)	(518.82)	(23.74)
Net Cash Received from Financing Activities	42.62	58.86	(16.25)
Net Increase in Cash and Cash Equivalents	147.57	588.11	(440.55)
Cash and Cash Equivalent at the Beginning of the Period	1,187.46	1,087.26	100.21
Cash and Cash Equivalent at the Ending of the Period	1,335.03	1,675.37	(340.34)

Financial Ratios of GFPT Public Company Limited and its subsidiaries

	Y 2021	Y 2020
Current Ratio ¹ (times)	2.10	2.28
Quick Ratio ² (times)	0.72	0.74
Gross Profit Margin ³ (%)	9.55	14.66
Operating Profit Margin ⁴ (%)	3.08	11.55
Net Profit Margin ⁵ (%)	1.78	8.55
Debt/Equity Ratio ⁶ (times)	0.41	0.39
Net Debt/Equity Ratio ⁷ (times)	0.24	0.23

Remark:

- 1) Current Ratio = Current Assets / Current Liabilities
- 2) Quick Ratio = (Cash + Short-term Investments + Accounts Receivable) / Current Liabilities
- 3) Gross Profit Margin = (Gross Profit / Sales) * 100
- 4) Operating Profit Margin = (EBIT / Sales) * 100
- 5) Net Profit Margin = (Net Profit / Total Revenue) * 100
- 6) Debt/Equity Ratio = Total Debt / Equity
- 7) Net Debt/Equity Ratio = Net Debt / Equity