

**A Case Study on Financial Analysis of Sunsweet Public  
Company Limited**

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**An Independent Study Submitted in Partial Fulfillment of the  
Requirements  
for the Degree of Master of Arts in Business and Managerial Economics  
Field of Study of Business and Managerial Economics  
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By                                      Miss Nuttakritta Neamaum  
Field of Study                      Business and Managerial Economics  
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ลายมือชื่อนิสิต .....  
ลายมือชื่อ อ.ที่ปรึกษาหลัก .....

# # 6284102829 : MAJOR BUSINESS AND MANAGERIAL ECONOMICS

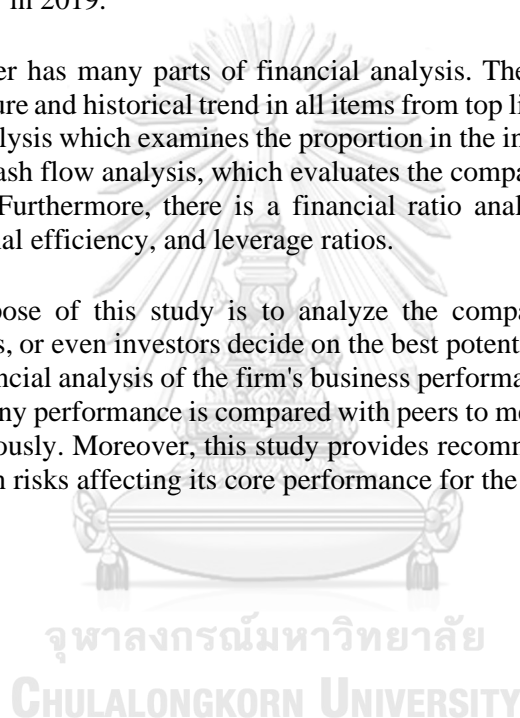
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Nuttakritta Neamaum : A Case Study on Financial Analysis of Sunsweet Public Company Limited. Advisor: Assoc. Prof. Chalaiporn Amonvatana, Ph.D.

Sunsweet Public Company Limited, a Thai manufacturers/export, is listed capital of 215 Million Baht and is located in Sanpatong district, Chiang Mai province. The nature of business is to manufacture and distribute processed sweet corn and agricultural products, including sourcing the food and agricultural products. Its vision is to lead a sweet corn business that operates the vertically integrated business and focuses on innovation, modern technology, and enhancement to international standards. The company had success in foreign markets in over 50 countries worldwide with more than 200 customers with the export value's market share at 4% in 2019.

This paper has many parts of financial analysis. The income statement analysis analyzes the structure and historical trend in all items from top line to bottom line. It also has a common size analysis which examines the proportion in the income statement and balance sheet. Moreover, cash flow analysis, which evaluates the company's received its money and spend its money. Furthermore, there is a financial ratio analysis regarding profitability, liquidity, operational efficiency, and leverage ratios.

The purpose of this study is to analyze the company's performance. It helps managers, creditors, or even investors decide on the best potential investment opportunities. The paper is a financial analysis of the firm's business performance in the past. There is one topic where company performance is compared with peers to measure business performance changes simultaneously. Moreover, this study provides recommendations for improvement to migrate the main risks affecting its core performance for the future.



Field of Study: Business and Managerial  
Economics

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Student's Signature .....

Advisor's Signature .....

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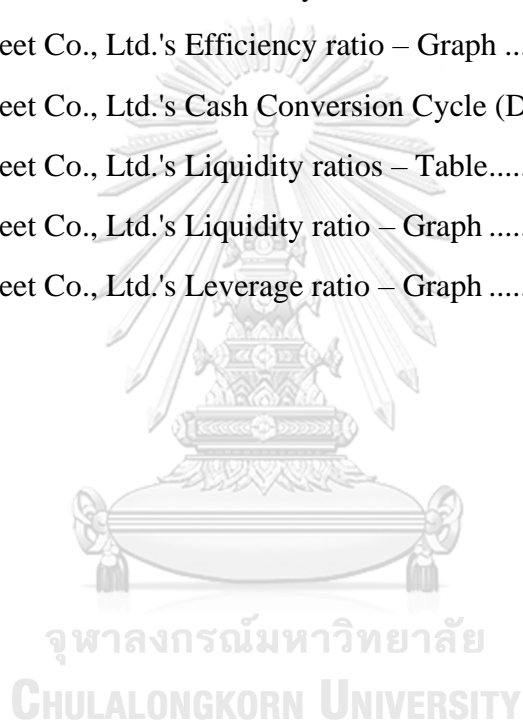
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# FINANCIAL ANALYSIS

## I. INTRODUCTION

Sweet corn has originated in the Americas for more than 1,000 years (García-Lara, 2019), which the current technology has improved a higher rate of return per area than the other crops. It results in being a popular agricultural crop globally. It can be processed and sold for consumption in the fresh, frozen, canned market. The customer behavior tends to pay more attention to health and more consider to consume the things consistent with growth in an elderly population with increasing demand for health care. Sweet corn can meet needs because it is sweet naturally, and ready-to-eat food can be convenient and save time. Moreover, the agricultural development plan aimed to develop the country's agricultural sector. The government is aware of providing a good quality of agricultural life, safe food for people's consumption, and income for the land.

Meanwhile, Thailand's weather conditions and environment are conducive to planting corn until becoming a critical agricultural economic product and a top ten-world export of value and volume, as the International Trade Information Centre (ITC) report. ITC has classified two sweet corn's product types by the freezing process with code number 07104000 and code number 20058000. To understand product types, code number 07104000, called frozen sweet corn, means sweet corn used a freezing process to preserve the condition after passing the heating process. The other code number 20058000, canned sweet corn or *Zea mays saccharata* means sweet corn does not use freezing but uses salt or other additives (except vinegar) to preserve the condition after passing the heating process. Canned sweet corn is the large portion of export in the world, both in quantity and value.

In 2018, ITC reported canned sweet corn (code number 20058000) in Thailand is the second-ranking export value and the world's highest export volume. The canned sweet corn's total value is USD 212.27 million, an estimated 89% of total

export value; respectively, the export volume is 227,947 tons, an estimated 92% of total export volume. The report showed the export value and volume for frozen sweet corn (code number 07104000) is the total value of USD 25.66 million, an estimated 11% of total export value, and the export volume is 20,268 tons or equivalent to 8% of total export volume. (International Trade Information Centre, 2020)

In a part of global importers that import sweet corn from Thailand, the country that imports the most canned sweet corn value from Thailand are Japan, with a value of 1,328.04 million Baht, followed by South Korea (714.29 million Baht) and Taiwan (496.48 million Baht). Japan is also the most importer value in frozen sweet corn, with a value of 365.74 million Baht, followed by Iran (308.69 million Baht) and Taiwan (38.13 million Baht) from Information and Communication Technology Center with Cooperation of the Customs in 2019.

Sunsweet Company, established in 1997 under the brand "KC" and a purpose of exporting and distributing agricultural products, listed in the Market for Alternative Investment (MAI) since 2017, is one of sweet corn's exporters in the world with the export value's market share at 4% in 2019. The company's market share in 2019 had continually increased the ratio to 23.66% of all sweet corn's export value of Thailand to all countries. The market in Thailand has an oligopoly by four producers, River Kwai International Food Industry Company Limited, Karn Corn Company Limited, Sunsweet Public Company Limited, and Majestic Food Industries Company Limited. Currently, there are customers in over 50 countries around the world with more than 200 customers divided into three groups as the following, 1) large exporter/importer as a distributor or wholesaler (the most significant sales and sales volume), 2) large retailers and modern trade, and 3) customers in food industries and restaurants. (Sunsweet Public Co. Ltd, 2019)

To manage the customer's orders continually, the company has a contract with the raw material provider in three ways of sourcing by following. The broker is sourcing with the most 96,582 tons/year, calculated 93.92% of total raw material in 2019. The left two ways are individual farmers or contract farming (5,708.14

or equivalent to 5.55 % of whole raw material) and Smart Farming (544.97 tons/year, estimated at 0.53% of the entire raw material), respectively. Even though Smart Farming has a small portion of sourcing, it intends to expand this portion because there is a higher productivity per area at 3 tons per rai from using farming technology. In comparison, the regular farm produces at 1.5 to 2 tons per rai. Sweet corn is naturally seasonal in production in each producing area and highly perishable, resulting in a comprehensive daily variation in price. The company focuses on continuous improvement and development to manage various climate change factors using modern technology all through the supply chain as its vision for sustainable growth and business development. This technology helps forecast and plan raw materials avoiding shortages and increasing efficient production. Raw materials are fed into the factory's production process with a full capacity of 150,000 tons per year for Canned whole kernel sweet corn and pouch sweet corn, followed by 54,000 tons per year for Frozen sweet corn. The capacity utilization rate in 2019 is at 63.97% and 26.46%, respectively. The production process starts feeding raw materials into its factory until packaging and sale to customers.

This study is to understand the existing Sunsweet company's financial statement to analyze the company fundamentals in financial aspects during the year 2016 to the year 2019. The financial analysis is very useful to managers, creditors, or even investors in deciding on the best potential investment opportunities. There is a quantitative methodology to analyze firm performance, indicate how the firm obtains and manages cash from cash flow statement, identify an impact of liquidity, assess the ability to pay its short-term obligations on-time. Common size analysis is a tool to express each line item on a financial statement as a percentage of the base amount in that period. Moreover, financial ratio analysis is helpful to measure profitability, operational efficiency, liquidity, and leverage.

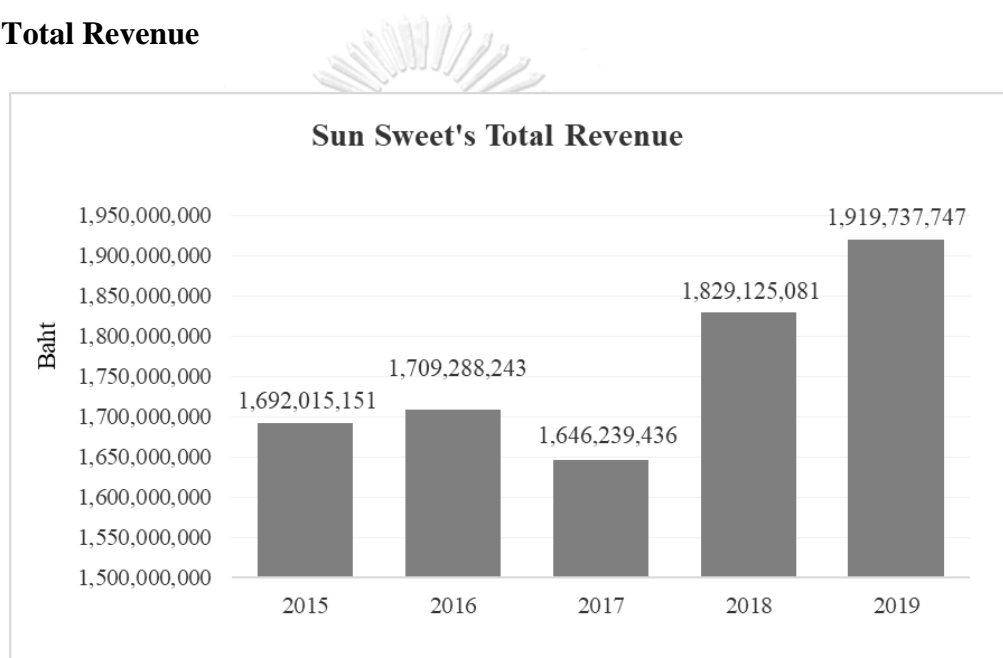
In conclusion, financial analysis benefits from evaluating a company's business performance to measure changes in a company's performance against other companies' benchmarks. The results can then plan and make adjustments to the

company's budget in the next financial period and be the lesson learned for the future.

## II. INCOME STATEMENT ANALYSIS

In this paper, income statement analysis shows a graphical display from income statement data. There is also a summary display in the form of a table that added the key financial highlight ratio in operating results.

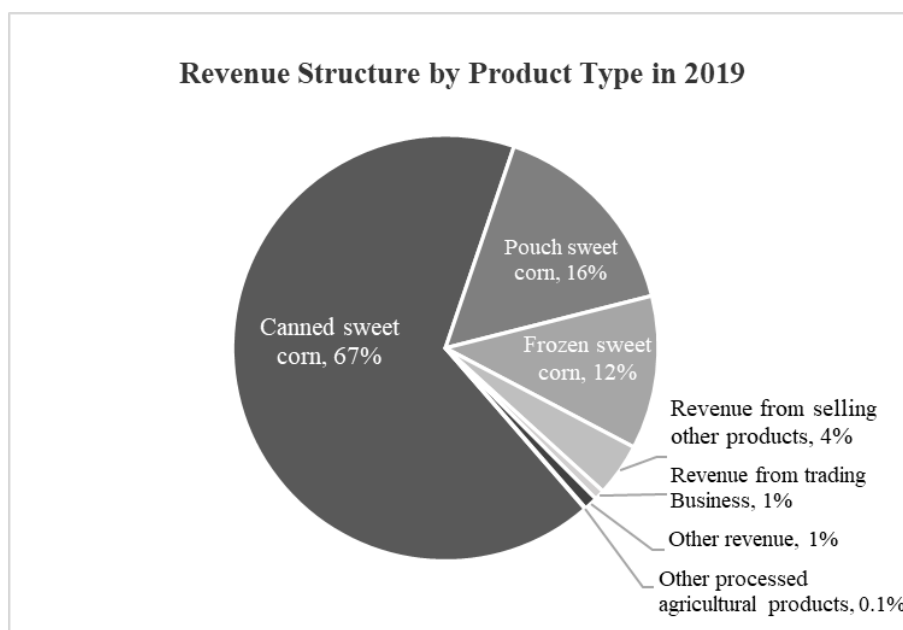
### Total Revenue



*Figure 1: SunSweet Co., Ltd.'s Total Revenue during 2015 – 2019  
(Source: Form 56-1, Annual Registration Statements from  
<https://market.sec.or.th>)*

Sunsweet's total revenue recently recorded a new high level at 1,920 million Baht in 2019 with a growth rate of 5% from 1,829 million Baht in 2018. Although revenue dropped in 2017 due to new machine installments dragged the capacity utilization rate in the first quarter in 2017 (1Q2017), the company has grown continually with 5- year CAGR of 3.2% from increasing purchase orders. There are four categories of revenue structure by following. (SEC: Form 56-1, 2020)

### 1. Revenue Structure by Product Type



*Figure 2: SunSweet Co., Ltd.'s Revenue Structure by Product Type in 2019*

*(Source: Company's annual report)*

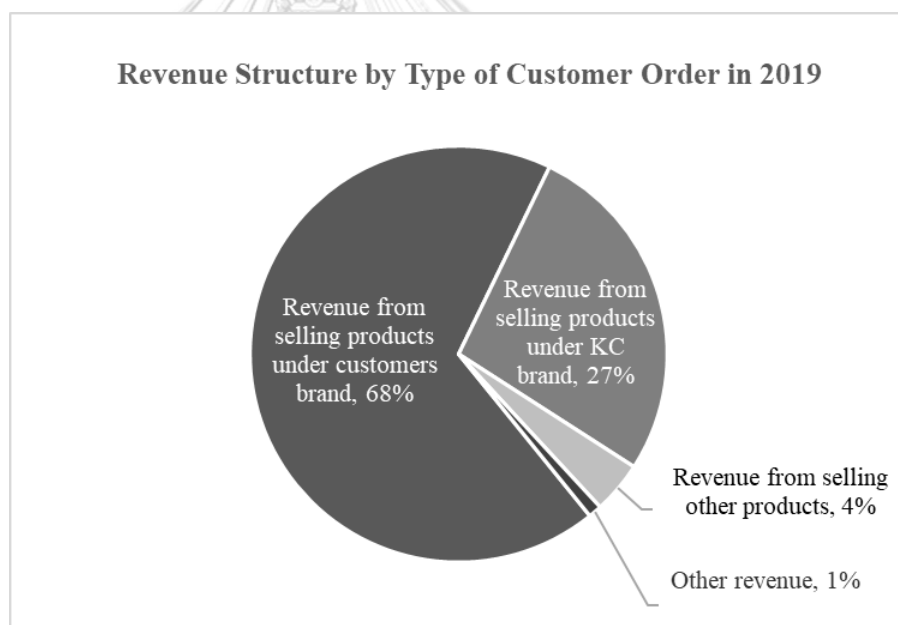
Sunsweet's products can categorize into Canned sweet corn, Pouch sweet corn, Frozen sweet corn, and Other agricultural processed products. These product types are in the revenue groups from the manufacture and sale of processed sweet corn and other processed agricultural products. The company and its subsidiaries' revenue structure by product type consisted of 1) Revenue from the manufacture (other brands) and sale of processed sweet corn(Company's brand), and other processed agricultural products. 2) Revenue from trading business 3) Other revenue, and 4) Other income. (*Annual Report, 2019*)

Canned sweet corn is the highest proportion of total revenue for the years 2017, 2018, and 2019, had revenue by 66%, 67%, and 67% of total revenue, following Pouch sweet corn (10%, 14%, and 16% in respectively years), Frozen sweet corn (15%, 12%, and 12% in respectively years), and other processed agricultural products (0.3%%, 0.3%, and 0.1% in respectively years). The total revenue from sales of products also included revenue from a trading business by 2%, 1%, and

1%. Its income is from trading by major customers who require to pay its subsidies, SunSweet International Co., Ltd. (SI), before managing liquidity matching with the current financial position.

To sum up the revenue by product type, the proportion of total revenue from sales of products was 93%, 94%, and 95% for 2017, 2018, and 2019. Besides, revenue selling other products had 5%, 5%, and 4%, respectively for 2017, 2018, and 2019, including income from selling seed, fertilizer, revenue from the selling of waste from the production process, etc. Others are less than 3%, including interest receivables, income from export compensation, electricity sales, profit from the exchange rate, etc.

## 2. Revenue Structure by Type of Customer Order



*Figure 3: SunSweet Co., Ltd.'s Revenue Structure by Customer Order in 2019*

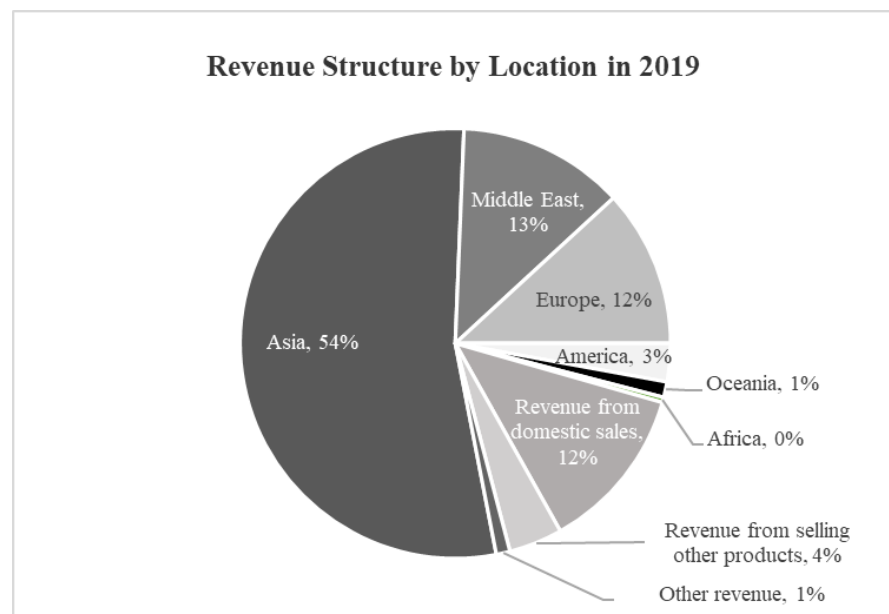
*(Source: Company's annual report)*

The company divided revenue structure by customer order into four categories: 1) Revenue from selling products under customers brand accounted to 68% in 2019, operated and produced goods for customers by its company, 2) Revenue from selling products under KC brand accounted to 27% in 2019, including main products in processed sweet



corn products and other processed agricultural products such as tomato sauce (baked beans), frozen green soybeans, etc., 3) Revenue from selling other products by 4% such as seed sales, and 4) Other revenue of 1% such as interest income, electricity sales, profit from the exchange rate, etc.

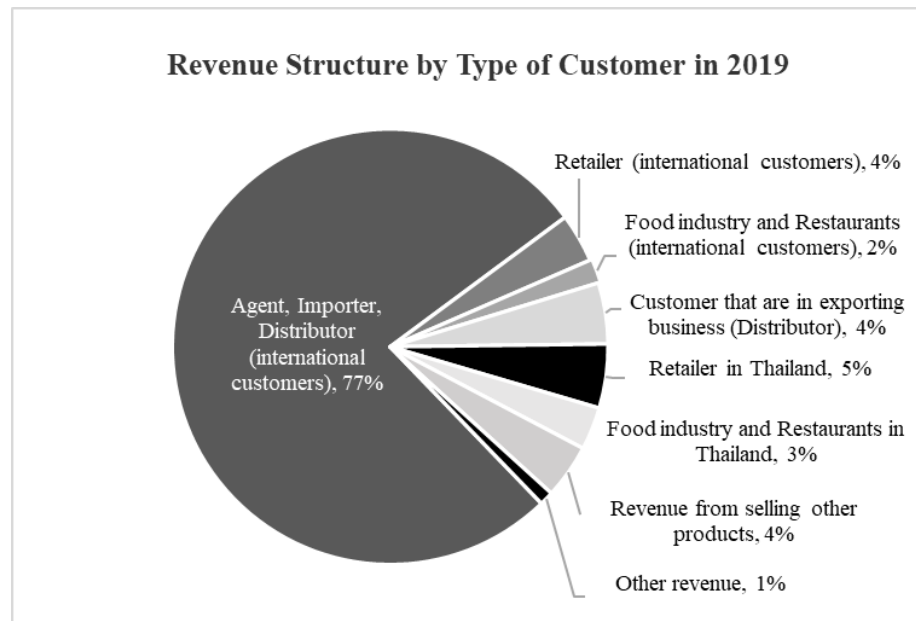
### 3. Revenue Structure by Location



*Figure 4: SunSweet Co., Ltd.'s Revenue Structure by Location in 2019  
(Source: Company's annual report)*

Revenue selling mainly abroad in 2019 is including Asia by 54% of total revenue following by the Middle East (13%), Europe (12%), America (3%), Oceania (1% including Australia, New Zealand, and other 14 countries), and Africa (0.4%). Revenue from domestic sales was 12% in 2019, and apart from this, revenue from selling other products by 4% and other revenue of 1% mentioned earlier.

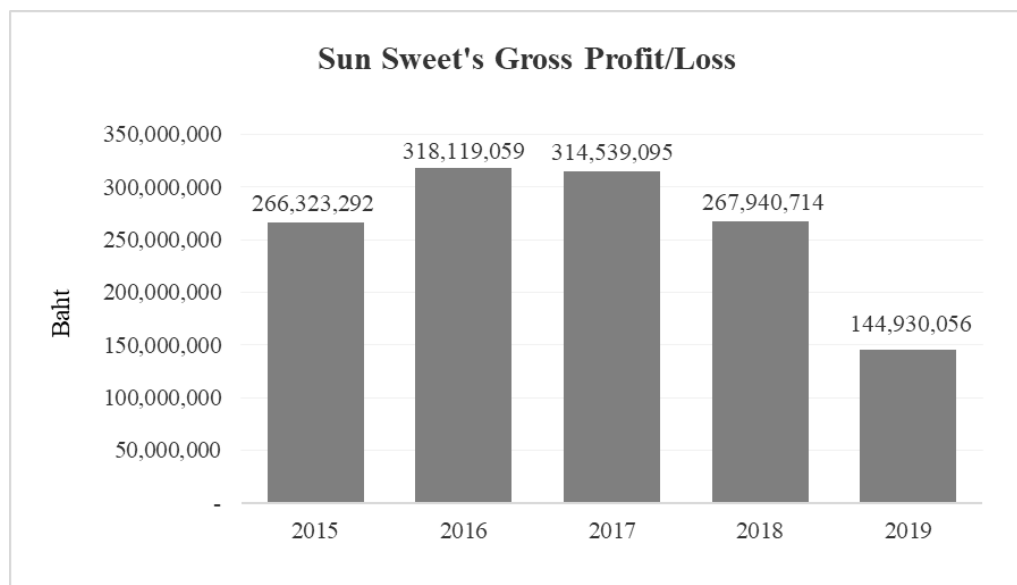
#### 4. Revenue Structure by Type of Customer



*Figure 5: SunSweet Co., Ltd.'s Revenue Structure by Type of Customer in 2019  
(Source: Company's annual report)*

The type of customer in 2019 categorized into two main customers following: 1) International customers by 83% of total revenue consisted of Agent/Importer/Distributor (77%), Retailer (4%), and Food industry and Restaurants (2%), 2) Domestic customers by 12% of total revenue, including by Customers that are in exporting business/Distributor in Thailand (4%), Domestic Retailer (4%), and Food industry and Restaurants in Thailand (2%). Apart from this, revenue from selling other products by 4% and other revenue of 1% mentioned earlier.

## Gross Profit/Loss



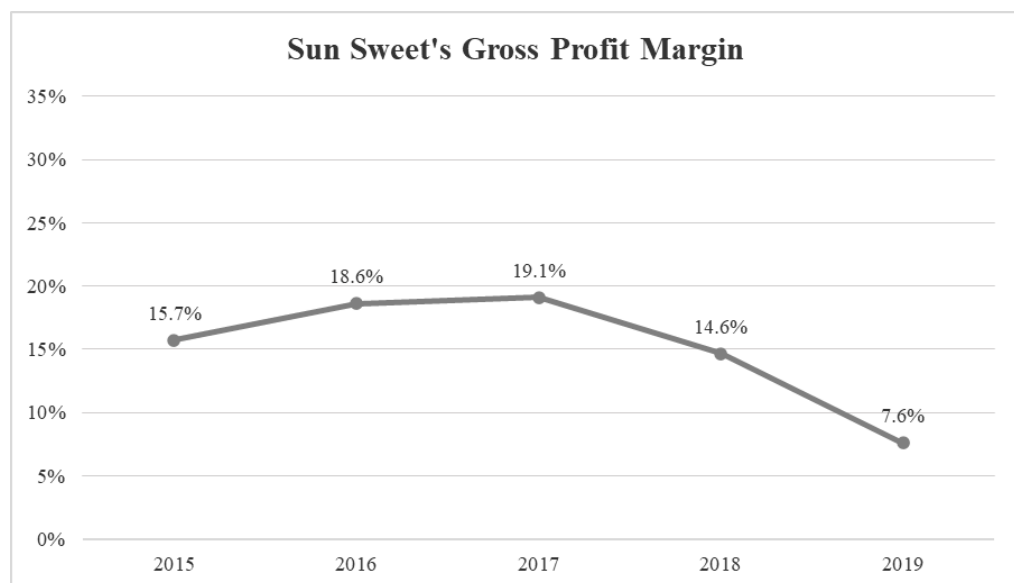
*Figure 6: SunSweet Co., Ltd.'s Gross Profit during 2015 – 2019  
(Source: Form 56-1, Annual Registration Statements from  
<https://market.sec.or.th>)*

Sunsweet's pricing strategy has set the price in each item by cost plus a reasonable profit margin or added the additional charges and reviewed the price list every quarter.

The above graph showed the company's gross profit excluded other revenue last five years since 2015. Gross profit calculated with revenue subtract by Cost of Goods Sold (COGS). COGS does not include fixed costs but consists of the variable costs or direct costs in its products of raw materials, labor wages, packaging, packaging and expenditure promotion, scrap cost in manufacturing, Electricity fuels, building depreciation, etc. In general, depreciation and amortization are the separated line items in the income statement, not included in COGS. In this case, some portion of depreciation is included in COGS since its production cost also impacts gross profit. Typically, gross profit varies with sales referred to as gross profit margin following by equation;

$$\text{Gross Profit Margin} = \frac{\text{Revenue} - \text{COGS}}{\text{Revenue}}$$

The company's gross profit margin had improved during 2015 – 2017 from increasing efficiency cultivation and increasing quality products by installment new machine in the first quarter of the year 2017—however, the company faced external factors as Baht appreciates against other currencies during 2018 - 2019. Also, drought and unwanted worm were affecting the higher product cost in 2019. Consequently, it caused to drop in gross profit margin since 2018, as the graph below.



*Figure 7: SunSweet Co., Ltd.'s Gross Profit Margin during 2015 – 2019*  
(Source: Form 56-1, Annual Registration Statements from <https://market.sec.or.th>)

## Operating Profit

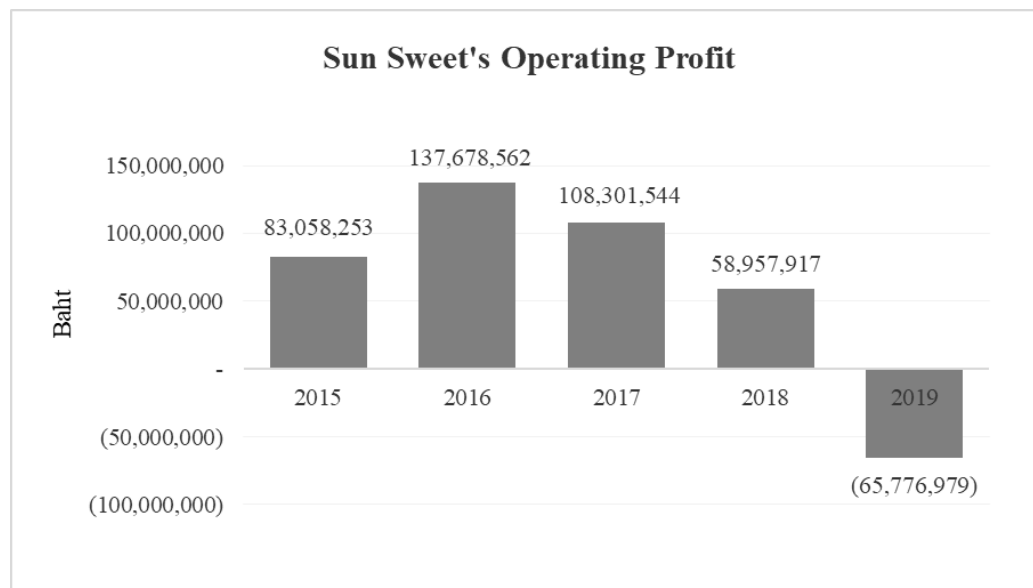


Figure 8: SunSweet Co., Ltd.'s Operating Profit during 2015 – 2019  
(Source: Form 56-1, Annual Registration Statements from <https://market.sec.or.th>)

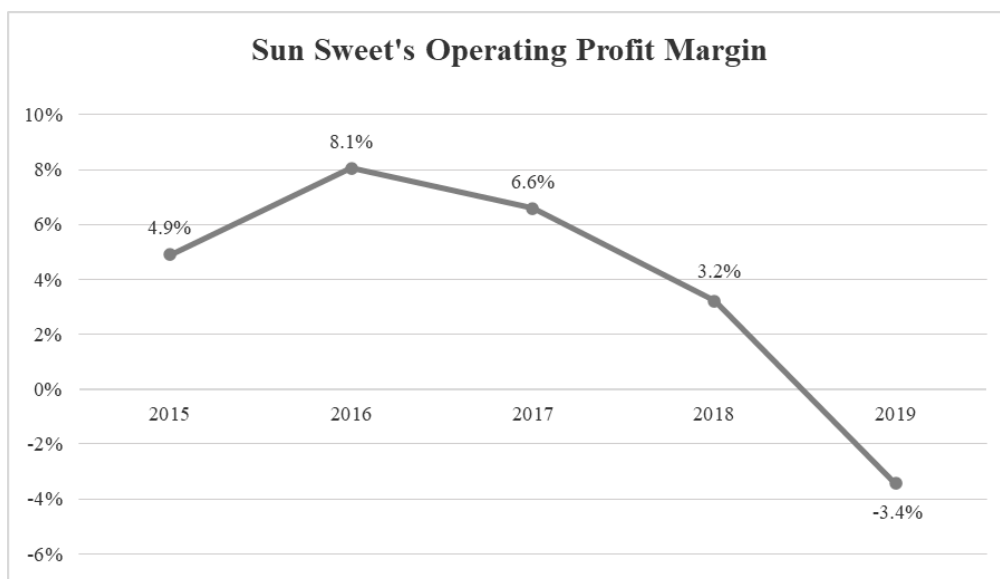
Operating profit, operating income, is derived from gross profit subtracted by Selling and Administrative expenses (SG&A) or Operating expense, Depreciation, and Amortization. It is generated from core business performance that managers can control. It can refer to earnings before interest and tax or EBIT, which exclude external items or items outside the core business. Typically, operating profit varies with sales, referred to as operating profit margin following by equation; (Investopedia.com, 2021)

*Operating Profit Margin*

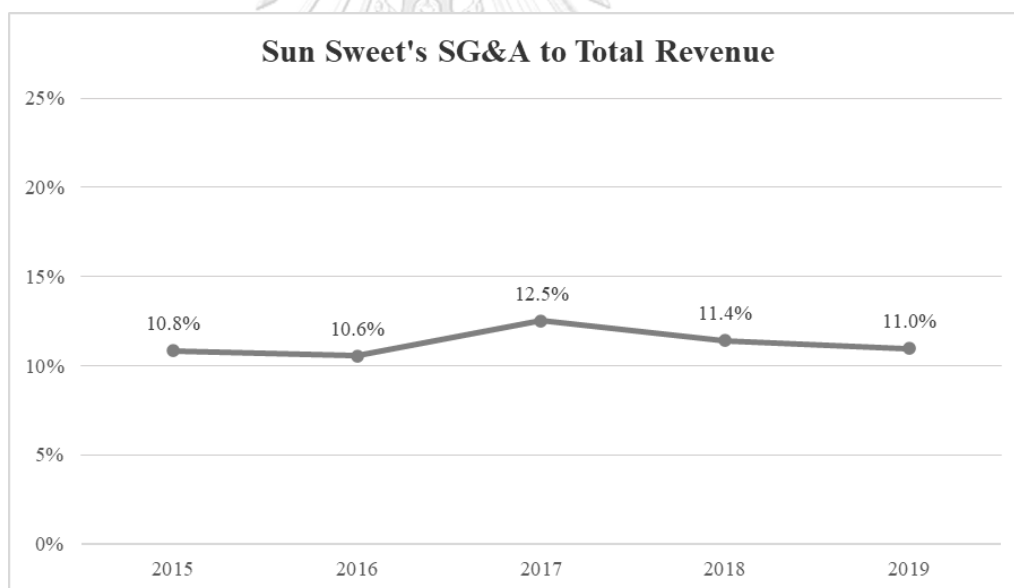
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$$\frac{\text{Revenue} - \text{COGS} - \text{SG\&A or Operating Expense} - \text{Depreciation \& Amortization}}{\text{Revenue}}$$

Operating Profit Margin had moved along with gross profit margin as in figure 9 below compared with figure 7 above. On the other hand, SG&A to total revenue has relatively low variability shown in figure 10 below. It seems that COGS significantly impacted gross profit margin and operating profit margin as the reason mentioned earlier.



*Figure 9: SunSweet Co., Ltd.'s Operating Profit Margin during 2015 – 2019  
(Source: Form 56-1, Annual Registration Statements from <https://market.sec.or.th>)*



*Figure 10: SunSweet Co., Ltd.'s SG&A to Total Revenue during 2015 – 2019  
(Source: Form 56-1, Annual Registration Statements from <https://market.sec.or.th>)*

The Company's SG&A includes commission, salary & benefit of the seller, advertising, freight charges, consulting fee, salary & benefit of the employee, and other miscellaneous. SG&A had increased in administrator expenses for 2017 due to IPO and consulting fees listed on the Market for Alternative

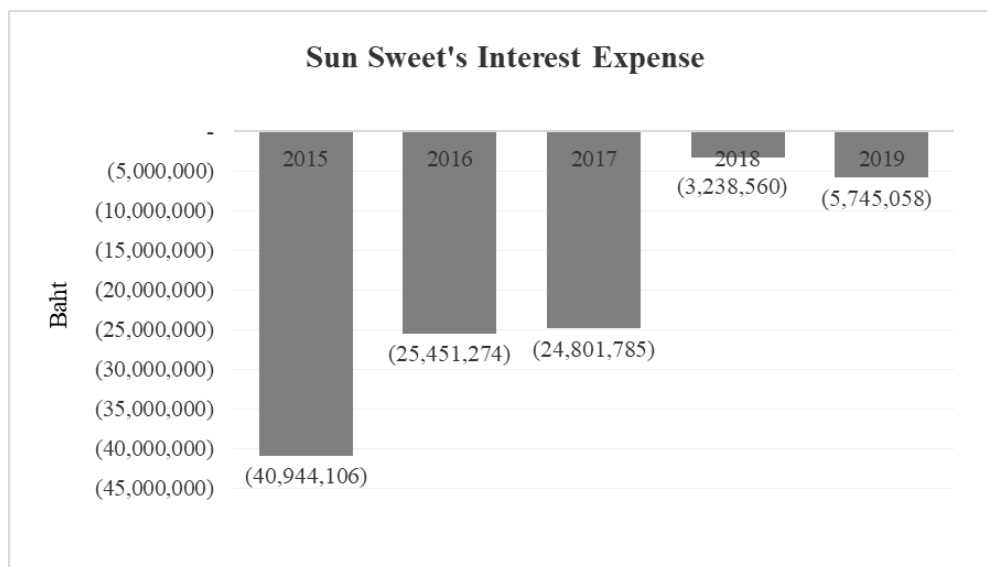
Investment (MAI), restructure and remuneration based on employee salary and the board members, respectively, and impairment losses the asset of equipment and machine factory.

Furthermore, the expense can classify by nature of the type of expense. Typically, the expense by nature is disclosed in notes of a financial report, as the figure 11 below. It is no reallocation by function, i.e., COGS, SG&A, and other expenses.

Expense by Nature	2018		2019	
	MB	%	MB	%
Raw materials and consumables used	1,268,497,398	62%	1,116,858,795	58%
Staff costs and other benefits	239,129,808	12%	269,650,218	14%
Change in work in process and finished goods	211,787,148	10%	175,204,951	9%
Transportation expenses	97,671,271	5%	121,111,530	6%
Depreciation and amortisation charges	53,595,004	3%	64,902,275	3%
Utilities expenses	37,987,661	2%	40,730,195	2%
Planting promotion expense	37,950,871	2%	32,936,798	2%
Rental expenses	19,546,945	1%	26,440,146	1%
Labour costs	16,668,389	1%	15,740,604	1%
Repair and maintenance expenses	18,541,294	1%	14,593,158	1%
Advertising and promotion expenses	6,744,414	0%	8,804,229	0%
Plant and office expense	7,932,352	0%	8,436,347	0%
Commission and incentive	12,563,876	1%	8,222,398	0%
Services and consultation expenses	10,441,250	1%	7,115,967	0%
Traveling and entertainment expenses	9,128,163	0%	7,354,275	0%
Loss from impairment of assets	732,054	0%	78,300	0%
<b>SUM</b>	<b>2,048,917,898</b>	<b>100%</b>	<b>1,918,180,186</b>	<b>100%</b>

*Figure 11: SunSweet Co., Ltd.'s Expense by Nature during 2018 – 2019  
(Source: Notes, Financial Statement 2019 from <http://sunsweetthai.com>)*

## Interest Expense

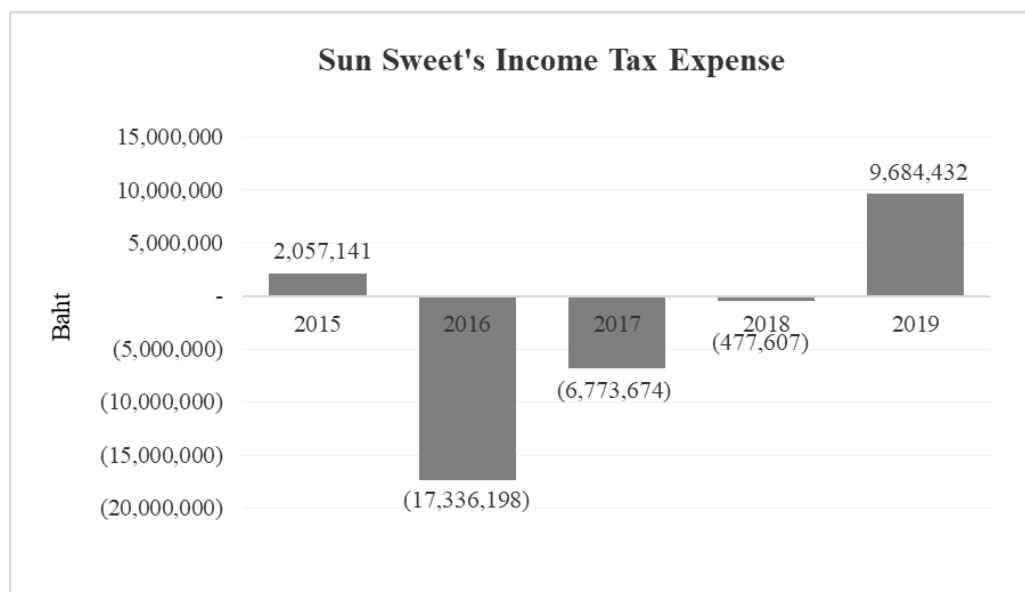


*Figure 12: SunSweet Co., Ltd.'s Interest Expense during 2015 – 2019  
(Source: Form 56-1, Annual Registration Statements from  
<https://market.sec.or.th>)*

Interest Expense is the financial cost from interest on bank overdrafts and short-term loans and long-term loans from financial institutions to credit facilities, investment, etc. The company has improved interest expenses by increasing working capital from the bank's long-term loans to replace the bank's short-term loans for machine maintenance and forward currency contact since 2015. In 2018, the company received funds from the initial public offering (IPO), listed in MAI, to repay long-term loans from the bank, and then interest expenses decreased.



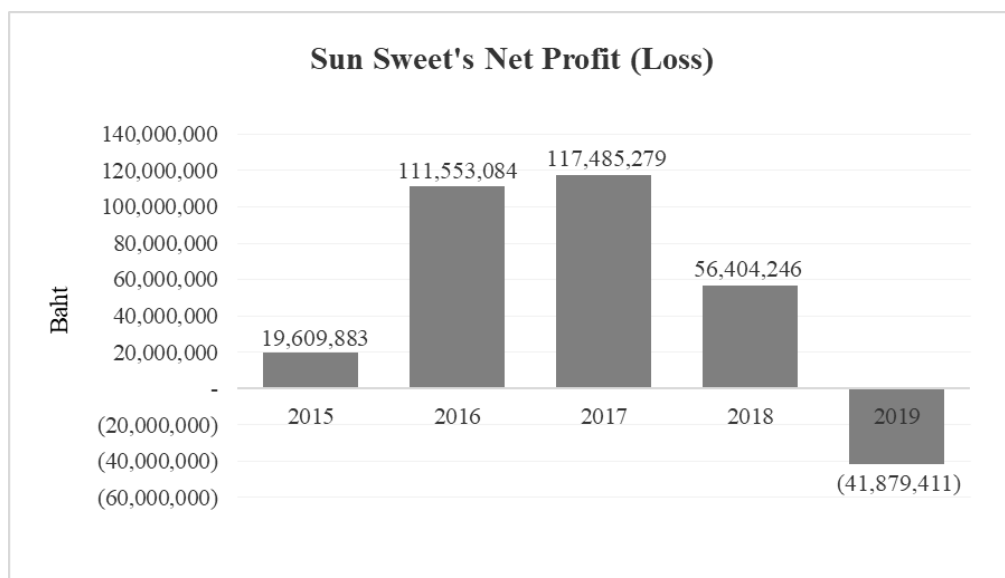
## Income Tax Expense



*Figure 13: SunSweet Co., Ltd.'s Interest Tax Expense during 2015 – 2019  
(Source: Form 56-1, Annual Registration Statements from <https://market.sec.or.th>)*

Income Tax Expense calculated with a tax rate of 20% of profit before tax and took effect from BOI privilege exemption, not deductible tax expense, deductible tax expense, deferred tax assets, and the prior year's adjustment. In 2019, the company gained from income tax of 9,684,432 million Baht due to the loss before tax of 51,563,843 million Baht. As a result, net profit lost 41,879,411 million baht in that year, as figure 14 below.

### Net Profit (Loss)



*Figure 14: SunSweet Co., Ltd.'s Net Profit (Loss) during 2015 – 2019  
(Source: Form 56-1, Annual Registration Statements from <https://market.sec.or.th>)*

Although SunSweet achieved the highest revenue in 2019 from increasing sales in the Middle East and European market and increasing domestic retail products, its net profit sharply dropped by -41,879,411 million Baht. The following cause was mainly from COGS, lower capacity utilization due to drought, and unwanted worm situation as mentioned earlier. Moreover, raising the production cost to flexibility is managed by hiring an external worker, increasing the rental fee from excess stock, and rising depreciation in a new product line. There was also the external factor that affected decreasing in sales from Baht appreciation against other currencies.

### Financial Highlight – Income Statement Analysis against peer

Operating Result (Unit: Million Baht)	2015	2016	2017	2018	2019
<b>Total Revenue from Sales</b>					
SUN - Total Revenue from Sales	1,700	1,726	1,687	1,838	1,940
<i>SUN - Growth of total revenue from sales (% YoY)</i>		2%	-2%	9%	6%
APURE - Total Revenue from Sales	1,247	1,565	1,608	1,738	1,720
<i>APURE - Growth of total revenue from sales (% YoY)</i>		26%	3%	8%	-1%
<b>Cost of Sales</b>					
SUN - Cost of Sales	1,426	1,391	1,332	1,561	1,775
<i>SUN - Growth of Cost of Sales (% YoY)</i>		-2%	-4%	17%	14%
APURE - Cost of Sales	913	1,090	1,197	1,344	1,437
<i>APURE - Growth of Cost of Sales (% YoY)</i>		19%	10%	12%	7%
<b>Gross profit</b>					
SUN - Gross Profit	266	318	315	268	145
<i>%Gross profit margin (gross profit to total revenue)</i>	16%	18%	19%	15%	7%
APURE - Gross Profit	334	475	411	394	282
<i>%Gross profit margin (gross profit to total revenue)</i>	27%	30%	26%	23%	16%
<b>Selling &amp; Administrative expenses</b>					
SUN - SG&A	183	180	206	209	211
<i>SUN - % SG&amp;A to total revenue</i>	11%	10%	12%	11%	11%
APURE - SG&A	204	225	218	223	244
<i>APURE - % SG&amp;A to total revenue</i>	16%	14%	14%	13%	14%
<b>Net profit*</b>					
SUN - Net Profit	20	112	117	56	-42
<i>SUN - Growth of Net Profit (% YoY)</i>		469%	5%	-52%	-174%
APURE - Net Profit	96	192	142	120	29
<i>APURE - Growth of Net Profit (% YoY)</i>		99%	-26%	-16%	-76%

\*Profit (loss) attributable to owners of the parent

Figure 15: SunSweet Co., Ltd.'s Financial Highlight - Income Statement in 2015 – 2019 against peer

(Source– Financial Report, Annual Registration Statements from <https://market.sec.or.th>)

The financial highlights are usually in an annual report audited by the company's accounting firm, including its recent performance, a multi-year comparison, and a percentage change in the form of a table graph of the data against other companies' benchmarks.

In this part, the peer company is Agripure Holdings Public Company Limited (APURE), which is the same as Industry (Agriculture) and the same as the sector (Food & Beverage) in the Stock Exchange in Thailand (SET). APURE is a holding company and operated via subsidiary companies in Thailand. The main businesses are manufacturing and distributing agro products, i.e., canned sweet

corn, fresh vegetables, fruit, and commercial seeds. The main portion is canned sweet corn's exports by 82% in 2019. It operates by subsidiaries named River Kwai International Food Industry Company Limited (RKI), the leader in Thailand's modern vegetable processing factory concentrating on super sweet corn. APURE held in RKI of 99.99% resulting in the leading producer in the oligopoly market of Thailand. (SEC: Form 56-1, 2020)

In conclusion, the financial highlight shows that Sunsweet's revenue continually increased. Simultaneously, the gross profit reversed to decline during 2018 – 2019 mainly from external factors due to drought, disaster, and Baht depreciate the same as APURE's financial results.

### **III. COMMON SIZE ANALYSIS**

A common-size is one popular method easily comparable to each item as a percent in a single year of the significant total. It sometimes is called vertical analysis. This study shows three parts of common-size analysis from the financial statement, including Income Statement Common Size Analysis, Balance Sheet Common Size Analysis, and Summary of Common Size Analysis. Typically, the percentage in Income Statement Common Size Analysis is the percentage of total net revenue or total net sales. Simultaneously, the portion in Balance Sheet Common Size Analysis is the percentage of total assets.

### Income Statement Common Size Analysis

Common Size in Income Statement of Sun Sweet For the year 2015-2019					
	2015	2016	2017	2018	2019
<b>Total Revenue</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Cost of Goods Sold	84%	81%	79%	85%	91%
Gross Profit (Loss)	16%	18%	19%	15%	7%
Selling & Admin Expenses	11%	10%	12%	11%	11%
Total Expenses	99%	93%	93%	97%	103%
Operating Profit	5%	8%	6%	3%	-3%
Interest Expenses	2%	1%	1%	0%	0%
Profit (Loss) before Income Tax	1%	7%	7%	3%	-3%
Income Tax Expense	0%	-1%	0%	0%	0%
Net Profit (Loss)	1%	6%	7%	3%	-2%

*Figure 16: SunSweet Co., Ltd.'s Table - Income Statement Common Size Analysis*

*(Source– Financial Report, Annual Registration Statements from <https://market.sec.or.th>)*

A table in figure 16, the Income Statement Common Size Analysis, showed the most portion and high volatility was COGS by 84%, 81%, 79%, 85%, and 91% for the year 2015 – 2019 accordingly, in the meantime, SG&A had a lower percentage of the total portion in revenue and more controllable cost than COGS. Other expenses in financial costs and income tax expense were not significant in total revenue. Finally, the bottom line in Net profit/loss showed less profit to total revenue, often called Net Profit Margin, during 2015 - 2018 and loss in 2019.

### Balance Sheet Common Size Analysis

Common Size Balance Sheet of Sun Sweet For the year 2015-2019					
	2015	2016	2017	2018	2019
Cash and cash equivalents	4%	2%	10%	1%	18%
Restricted deposits at a bank	8%	9%	6%	1%	0%
Trade and other receivables, net	14%	10%	9%	10%	12%
Inventories	20%	9%	16%	32%	15%
Property, plant and equipment, net	50%	67%	47%	55%	53%
<b>Total Assets</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Total Current Liabilities	89%	76%	13%	26%	33%
Total Non-Current Liabilities	8%	6%	8%	3%	3%
Total Liabilities	96%	82%	21%	28%	37%
Total Equity	4%	18%	79%	72%	63%
<b>Total Liabilities and Equity</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Figure 17: SunSweet Co., Ltd.'s Table - Balance Sheet Common Size Analysis  
(Source– Financial Report, Annual Registration Statements from <https://market.sec.or.th>)

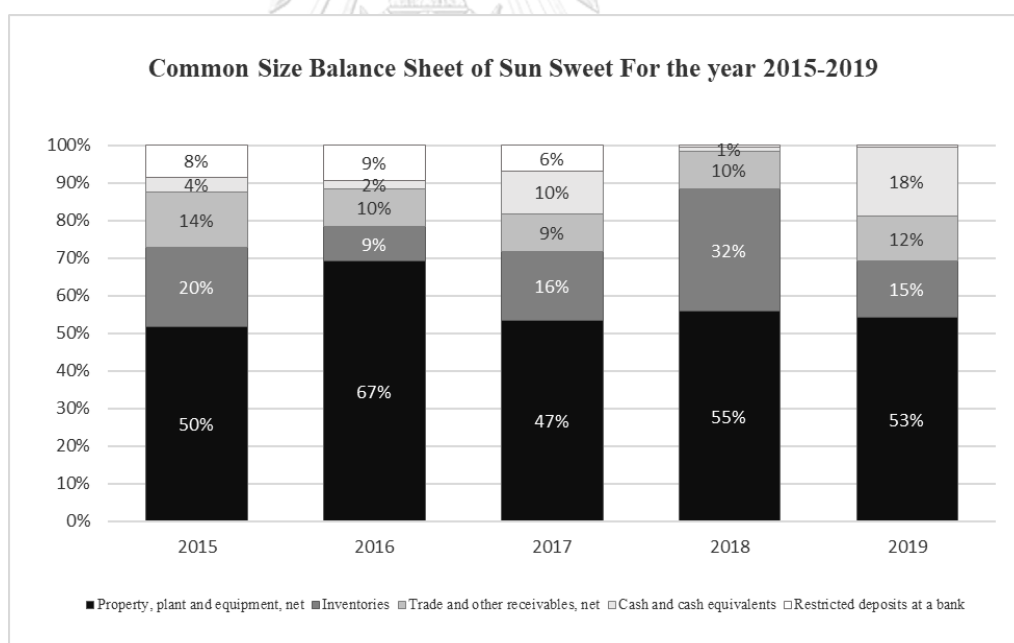


Figure 18: SunSweet Co., Ltd.'s Column Chart - Balance Sheet Common Size Analysis

(Source– Financial Report, Annual Registration Statements from <https://market.sec.or.th>)

There are three categories of common-size analysis in the balance sheet by following.

i. Total Asset Common Size Analysis

A table in figure 17 above shows a percentage of total assets in each item. And the column graph in figure 18 found that the company has the highest portion, about half of total assets in property, plant, and equipment (PP&E). The second portion was in Inventories about 10-30% of total assets, and then the third was trade and other receivables by an estimated 10-20%.

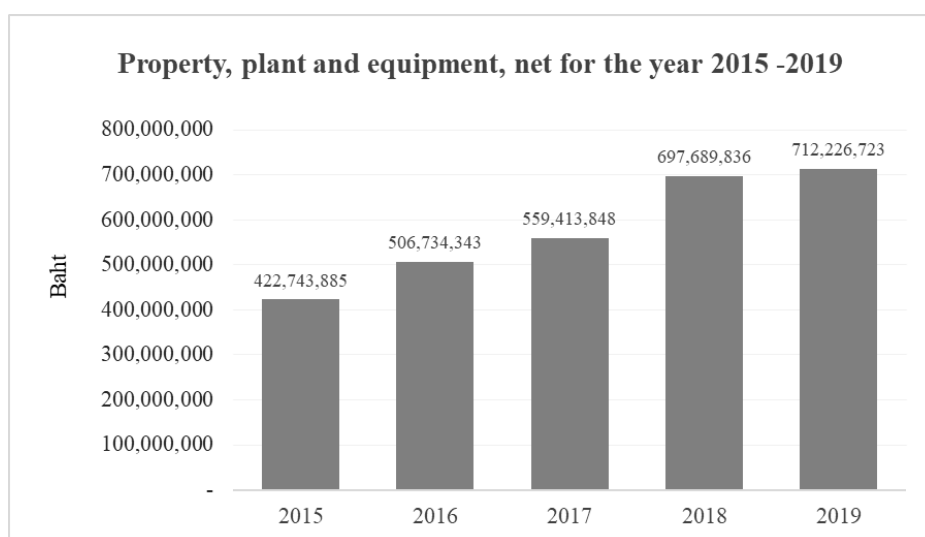


Figure 19: SunSweet Co., Ltd.'s Column Chart – PP&E in Balance Sheet

(Source– Financial Report from <https://market.sec.or.th>)

The company has continually invested a high amount of machinery and equipment in PP&E since 2015, as the table in figure 20.

Property, plant and equipment, net	2015		2016		2017		2018		2019	
	Baht	%	Baht	%	Baht	%	Baht	%	Baht	%
Land	98,706,503	23%	98,706,503	19%	98,706,503	18%	97,706,503	14%	98,706,503	14%
Land improvement	3,980,133	1%	3,174,074	1%	2,477,861	0%	4,374,766	1%	7,962,109	1%
Buildings and buildings improvement	99,927,193	24%	93,404,761	18%	87,759,348	16%	91,372,520	13%	101,774,342	14%
Machinery and equipment	162,634,565	38%	144,372,202	28%	336,081,302	60%	363,371,439	52%	444,693,360	62%
Construction in progress	48,735,629	12%	157,775,028	31%	26,678,507	5%	132,592,252	19%	51,479,456	7%
Furniture, fixtures and office equipment	3,023,013	1%	2,988,995	1%	3,446,153	1%	4,625,544	1%	5,004,944	1%
Vehicles	5,736,849	1%	6,312,780	1%	4,264,174	1%	2,646,812	0%	2,606,009	0%
<b>Total PP&amp;E, net</b>	<b>422,743,885</b>	<b>100%</b>	<b>506,734,343</b>	<b>100%</b>	<b>559,413,848</b>	<b>100%</b>	<b>697,689,836</b>	<b>100%</b>	<b>712,226,723</b>	<b>100%</b>

Figure 20: SunSweet Co., Ltd.'s Table – PP&E Common Size Analysis

(Source– Financial Report from <https://market.sec.or.th>)

In 2017, the company invested in significant machinery such as Continuous Sterilizer machine replacing the traditional machine, improving the quality, and reducing the waste time and energy. They also invested in machinery in varied packaging, pouch sweet corn production, and other production lines. In the financial statement, most of these investments were booked in progress the earlier year, then transferred to book in machinery and equipment later after commercial launching.

During 2018 – 2019, the company had invested in increasing the Frozen machine's capacity from one ton/hour to three ton/hour, reducing cost and waste energy by Solar PV rooftops installment and other efficiency machines.

#### ii. Total Liabilities Common Size Analysis

As of figure 17, Sunsweet had the percentage of the common-size for total liabilities to total assets higher than the common-size in total equity during 2015 – 2016. After that, the common-size in total equity jumped to more elevated than the common-size in total liabilities since 2017 because the company issued new ordinary shares and offered its shares to the public (IPO) listed in MAI.

To breakdown in total current liabilities, total current liabilities had a higher than a portion of total non-current liabilities to total assets, as the figure 17. The Liabilities' breakdown as of figure 21 shows the component in current liabilities and non-current liabilities.

More than 90% of total liabilities were total current liabilities during 2015 – 2019 except for 2017 due to its long-term loans from a financial institute used for machinery investment. The company received cash from IPO at the end of 2017. In 2018, the money received was used to repay its long-term loans from a financial institution in 2017. Therefore, working capital was more active until total current liabilities backed to a higher portion than total non-current liabilities in common-size. Then,



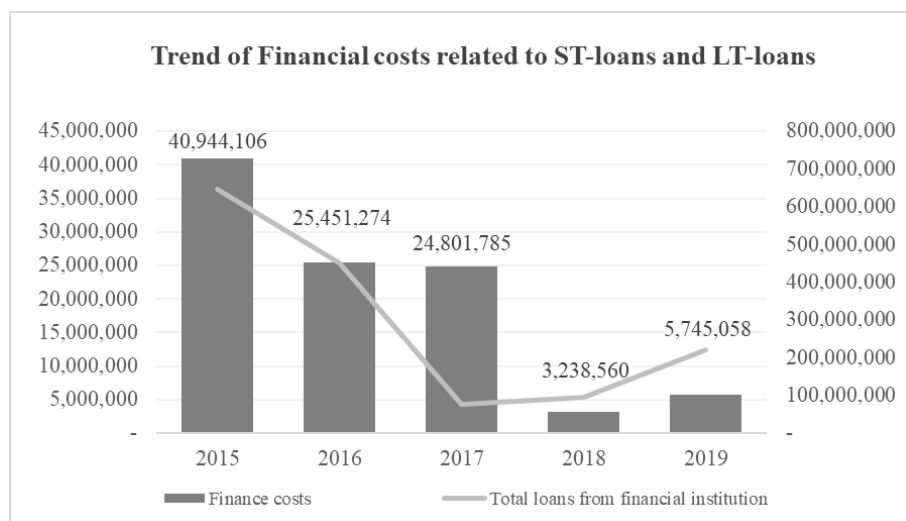
interest expense decreased accordingly, as the graph in figure 22 below. Total current liabilities were mainly from Bank Overdrafts and short-term loans by 43.4% in 2019, followed by 42.3% in trade and other payables.

<b>Liabilities</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Total Current Liabilities (1)</b>	<b>92.0%</b>	<b>92.3%</b>	<b>61.7%</b>	<b>90.2%</b>	<b>90.7%</b>
Bank overdrafts and short-term loans from financial institutions	66.6%	62.0%	0.4%	26.2%	43.4%
Trade and other payables	17.6%	22.5%	44.3%	61.9%	42.3%
Contract liabilities					3.3%
Current portion of long-term loans from financial institutions	7.5%	6.9%	10.4%		0.7%
Income tax payable	0.1%	0.5%	2.9%	0.0%	0.0%
Current portion of finance lease liabilities	0.2%	0.3%	2.7%	1.8%	0.8%
Other current liabilities	0.1%	0.1%	1.0%	0.2%	0.2%
<b>Total Non-Current Liabilities (2)</b>	<b>8.0%</b>	<b>7.7%</b>	<b>38.3%</b>	<b>9.8%</b>	<b>9.3%</b>
Long-term loans from financial institutions	5.4%	4.0%	21.1%		0.8%
Long-term loans from related persons	0.1%	0.3%			
Finance lease liabilities	0.7%	0.6%	6.9%	2.9%	2.2%
Employee benefit obligations	1.9%	2.7%	10.2%	6.9%	6.4%
<b>Total Liabilities (1) + (2)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

*Figure 21: SunSweet Co., Ltd.'s Table – Liabilities Common Size Analysis*

*(Source– Financial Report from <https://market.sec.or.th>)*

The high portion in total current liabilities was Bank Overdrafts and short-term loans, related to the net profit and financial cost from interest expense in the income statement. However, it was not significant due to the less expense weight of total revenue about 1-2%, as the figure 16, Income Statement Common Size Analysis table.

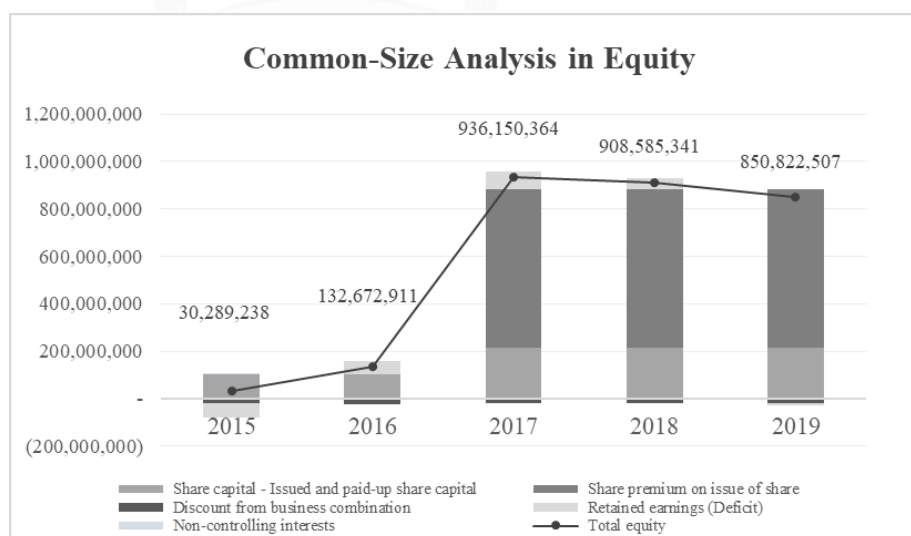


*Figure 22: SunSweet Co., Ltd.'s Trend of Financial costs and loans amount*

*(Source– Financial Report from <https://market.sec.or.th>)*

### iii. Total Equity Common Size Analysis

As mentioned above, total equity has a higher portion than total liabilities since 2017 after its issued new ordinary shares and offered shares to the public (IPO), a ratio of total equity to total liabilities for the year 2015 – 2019 of 4%, 18%, 79%, 72%, and 63% respectively, as figure 17 above.



*Figure 23: SunSweet Co., Ltd.'s Total Equity during 2015 - 2019*

*(Source– Financial Report from <https://market.sec.or.th>)*

Equity	2015	2016	2017	2018	2019
Share capital - Issued and paid-up share capital	100,000,000	102,000,000	215,000,000	215,000,000	215,000,000
Share premium on issue of share	-	-	665,525,655	665,525,655	665,525,655
Discount from business combination	(21,000,000)	(23,800,511)	(20,637,124)	(20,637,124)	(20,637,124)
Retained earnings (Deficit)	(57,192,975)	54,473,422	76,261,833	48,696,810	(9,066,024)
Non-controlling interests	8,482,213				
<b>Total equity</b>	<b>30,289,238</b>	<b>132,672,911</b>	<b>936,150,364</b>	<b>908,585,341</b>	<b>850,822,507</b>

*Figure 24: SunSweet Co., Ltd.'s Table – Equity Common Size Analysis  
(Source– Financial Report from <https://market.sec.or.th>)*

*Share capital, 16.0% of total assets in 2019:* At the end of 2015, SunSweet had 1,000,000 ordinary shares at par value of Baht 100 each, fully paid-up resulting in authorized share capital was 100,000,000 baht. The following year, the company had increased capital with 80,000 ordinary shares at par value of Baht 100 each, Baht 25 paid-up in 2016. Subsequently, it was fully paid up on 7 Apr 2017 to 108,000,000 baht in authorized share capital.

During the year 2017, the company had the approval in May 2017 to issue 420,000 ordinary shares of Baht 100 each by the proportion of original shares. The total ordinary shares became 1,500,000 shares at a par value of Baht 100 each. In Apr 2017, the Extraordinary General Meeting had the approval to change a par value of total shares and issue new ordinary shares for 130,000,000 shares at par value of Baht 0.50 or increase registered capital by 65,000,000 Baht. The total registered capital on 4 Sep 2017 increased to 215,000,000 baht after Initial Public Offering (IPO).

To sum up, the entire ordinary share has 430,000,000 shares until now at par value of Baht 0.5 each, including paid-up capital of 150,000,000 baht from 300,000,000 ordinary shares at par value of Baht 0.5 each, and IPO by 65,000,000 baht from 130,000,000 ordinary shares at par value of Baht 0.5 each. Finally, registered capital/share capital has 215,000 baht, estimated by 16.0% of total assets in 2019.

*Share premium on issuing ordinary shares, 49.5% of total assets in 2019:* At the end of 2017, the company had a share premium/excess

portion of 56.5% of the total assets. It was from the cash received from IPO total of 760,500,000 baht, totaling 130,000,000 shares at an IPO price of 5.85 per share while a par value was at 0.5 each, resulting in a share premium of Baht 5.35 ( $5.85 - 0.5 = 5.35$ ) per share, calculated to total share premium of 695,500,000 baht. Then, the share premium was deducted with direct expense related to IPO of 29,974,345 baht. Consequently, the share premium has presented 665,525,655 baht after deduction, estimated by 49.5% of total assets in 2019.

*Discount from the business combination under common control -1.54% of total assets in 2019:* In 2017, the significant discount value was 21,000,000 baht from trademark adjustment under KC band. Because it continues to suffer loss from the business operation, the fair value of intangible assets has been eliminated fair value as recognized in a discount from business combination under common control.

*Retained earning (Deficit) - Unappropriated, -1.47% of total assets in 2019:* It is not classified as retained earnings (deficit) – appropriated depending on the management decision and specific purpose, such as new investment, merger & acquisition (M&A), acquiring any resources, factory building investment, buying equipment, branding, or marketing, etc. If the management sets the proposal to use the unappropriated retained, the dividend payment might be an omission depending on the proposal budget. In 2019, the unappropriated retained earnings lost - 19,698,194 baht due to net loss from many internal and external factors as mentioned above.

### **Summary of Common Size Analysis**

Sunsweet has always been high in cost of goods sold, 91% to total revenue in 2019, which vary to sales. In recent years, the company was faced with climate change affected by drought and damage by armyworm resulting in lower production levels and higher product costs.

Property plant and equipment is the non-current asset, 53% to total assets in 2019, had the highest portion in the common-size balance sheet from continual investment. While the current assets had a total of 45% to total assets in 2019, which was mainly from cash and cash equivalents (18%), and inventories (15%), and trade and other receivables (12%), respectively. More than 80% of inventories are finished goods. The increase of finished goods in the ending year 2018 was in advance to deliver in early 2019. Subsequently, the order was sold out since the beginning of the year 2019, decreasing the order. Besides, fewer raw materials of sweet corn came to production due to the drought.

After IPO in 2017, the company had a significant total equity ratio, 79% of total assets in 2017. IPO funding has lower interest costs than loans from financial institutions. As a result, short-term loans and long-term loans had significantly decreased during that year. In the later year 2017, short-term loans from financial institutions backed to increase to use for working capital in production. However, the total liabilities ratio, 37% of total assets in 2019, has still been lower than the total equity ratio, 63% of total assets in 2019.

## **IV. CASH FLOW ANALYSIS**

The cash flow analysis evaluates the company's cash inflows (received its money) and cash outflows (spend its money) periodically. There are three main parts in the cash flow statement: cash flow from operating activities, cash flow from investing activities, and cash flow from financing activities. Typically, cash flow gives information to measure its strong free cash flow and ability to repay loans.

In general, two accounting types determine cash flow moving within financial statements by following. 1) Accrual accounting type, often used in most public

companies, is an accounting method recognized on the income statement as revenue even though no cash is received or reported as an expense even though no cash payment. The cash initially inflow/outflows with the extended terms to receive or pay within 30 days, 60 days, or 90 days. 2) Cash accounting type is recognized as revenue or expense when actual received or paid cash occurring. Sunsweet has the standard approach that recognizes revenue to expect in exchange for its goods or services according to the Accrual accounting form. It means that the revenue from sales is recognized when obtaining those goods from customers. Also, interest income and other income are recognized on an accrual basis unless collectability is in doubt.



### Cash flows from operating activities

Cash flows from operating activities	2019 Baht	2018 Baht
<b>Profit (loss) before income tax</b>	(51,563,843)	56,881,853
<b>Adjustments for:</b>		
Depreciation	63,142,348	51,993,717
Amortisation	1,759,928	1,601,287
(Reversal of) allowance for doubtful and bad debt	1,552,199	(189,557)
Employee benefit obligations	9,057,497	2,686,215
(Reversal of) loss from decrease in value of inventories	3,198,409	(177,352)
Gain on disposal of equipment	(41)	(134,012)
Loss from write-off of assets	60,701	1,314,336
Loss on impairment of assets	78,300	732,054
Unrealised (gain) loss on exchange rate	(460,395)	448,076
Interest income	(945,762)	(1,354,991)
Finance costs	5,745,058	3,238,560
<b>Net Profit (loss) before income tax after adjustment</b>	<b>31,624,399</b>	<b>117,040,186</b>
<b>Changes in working capital</b>		
Operating assets decrease (increase)		
Trade and other receivables	5,099,085	(20,923,666)
Inventories	171,240,433	(211,273,423)
Other current assets	2,129,488	8,240,387
Operating liabilities increase (decrease)		
Trade and other payables	(11,776,499)	115,968,144
Contract liabilities	7,558,211	-
Other current liabilities	135,682	(1,736,662)
<b>Cash flows from operating activities</b>	<b>206,010,799</b>	<b>7,314,966</b>
Income tax paid	(887,915)	(7,116,873)
<b>Net cash generated from (used in) operating activities</b>	<b>205,122,884</b>	<b>198,093</b>

Figure 25: SunSweet Co., Ltd.'s Table – Cash Flow from Operating Activities  
(Source– Financial Report from <https://market.sec.or.th>)

Cash flow from operating activities focuses on cash received/paid in working capital. However, the initial cash was adjusted non-cash from profit/loss before income tax by adding or deduction, and adjusted other items not related to operating activities (interest income and financial costs). In 2019, the company's operating profit before changing in working capital was at 31,624,399 baht. A decrease in inventories generated cash flow in operating assets with a high amount total of 171,240,433 baht. Simultaneously, there was some cash flow outflow from increasing in trade and other payables of 11,776,499 baht. As a

result, the company's cash flow from operating activities was 205,122,884 baht in 2019.

### Cash flows from investing activities

Cash flows from investing activities	2019 Baht	2018 Baht
Decreases in restricted deposits at a bank	1,000,000	65,100,000
Proceeds from short-term investment	-	100,000,000
Payment for purchase of plant and equipment	(59,027,828)	(193,676,991)
Proceeds from disposals of equipment	45	359,409
Payment for purchase of intangible assets	(1,995,272)	(169,390)
Payment for loans to a subsidiary	-	-
Proceeds from loans to a subsidiary	-	-
Proceeds from interest income	945,762	1,575,005
<b>Net cash used in investing activities</b>	<b>(59,077,293)</b>	<b>(26,811,967)</b>

Figure 26: SunSweet Co., Ltd.'s Table – Cash Flow from Investing Activities  
(Source– Financial Report from <https://market.sec.or.th>)

Cash flow from investing activities was mainly from payment for purchasing plant machinery and equipment of 59,027,828 baht in 2019. The investment objective is to support business growth. As a result, the company's cash flow from investing activities was 59,077,293 baht in 2019.

### Cash flows from financing activities

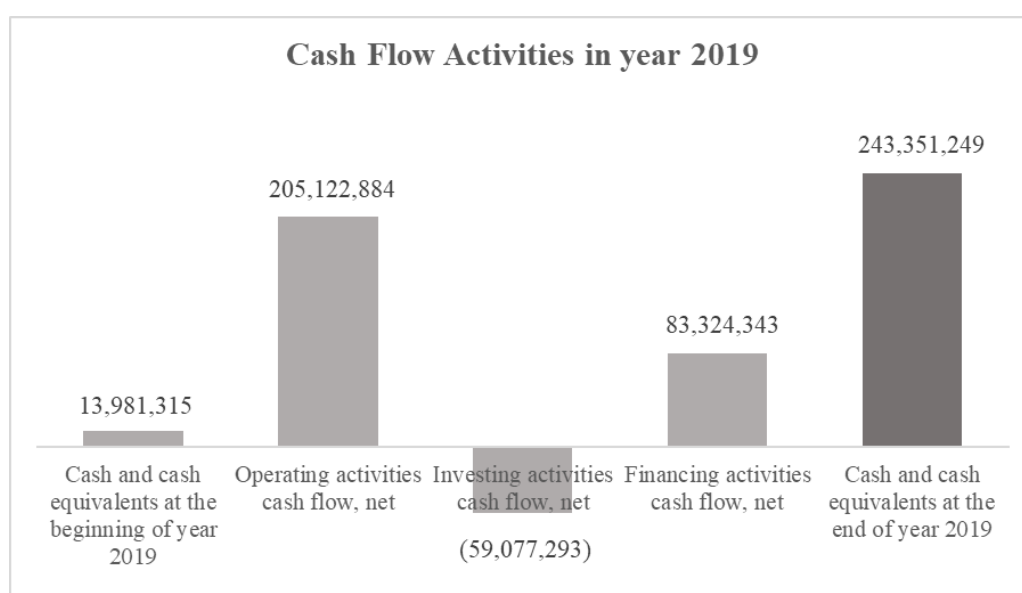
Cash flows from financing activities	2019 Baht	2018 Baht
Proceeds from short-term loans from financial institutions	722,191,398	102,500,000
Payments on short-term loans from financial institutions	(602,528,175)	(8,593,000)
Proceeds from long-term loan from financial institution	9,000,000	-
Payment for long-term loan from financial institution	(1,500,000)	(76,885,000)
Payments on finance lease liabilities	(16,413,933)	(6,503,546)
Interest paid	(5,924,947)	(3,129,954)
Dividend payments	(21,500,000)	(86,000,000)
<b>Net cash generated from (used in) financing activities</b>	<b>83,324,343</b>	<b>(78,111,500)</b>

Figure 27: SunSweet Co., Ltd.'s Table – Cash Flow from Financing Activities  
(Source– Financial Report from <https://market.sec.or.th>)



The cash inflow in financing activities was mainly from short-term loans from financing institutions of 119,663,223 baht, dividend payments to shareholders of 21,500,000 baht, and payment on financial lease liabilities of 16,413,933 baht. Finally, the company had a net cash flow from investing activities of 83,324,343 baht.

### Summary of Cash flows analysis



*Figure 28: SunSweet Co., Ltd.'s Graph – Cash Flow Activities in 2019  
(Source– Financial Report from <https://market.sec.or.th>)*

In summary, the company held cash from at the end of the year 2018 total of 13,981,315 baht. During the year 2019, the cash was increased by cash flow from operating activities (205,122,884 baht) and cash flow from financing activities (83,324,343 baht). Then, the increasing cash flow was deducted with investing activities. Consequently, cash at the end of 2019 had a net cash inflow total of 243,351,249 baht.

## V. FINANCIAL RATIO ANALYSIS

Financial ratio analysis is a useful technique to compare its strengths and weaknesses from year to year against other companies in the same industry regarding profitability, liquidity, operational efficiency, and leverage ratios. (*Overview of Financial Ratios, 2021*)

### Profitability Ratios

The profitability ratio can measure the ability to generate a business's profit. In this study, profitability ratios can be divided into two groups, margin and returns. Its component margin group is including, gross profit margin, operating profit margin, and net profit margin. There are Return on Assets, Return on Operating Assets, Return on Investment, and Return on Equity in part of returns. Its summary is in the table below.

Profitability Ratios					
Ratios / Years	2015	2016	2017	2018	2019
Margin:					
Gross Profit Margin	16%	19%	19%	15%	8%
Operating Profit Margin	5%	8%	7%	3%	-3%
Net Profit Margin	1%	7%	7%	3%	-2%
Return:					
Return On Assets (ROA)	2%	14%	12%	5%	-3%
Return on Operating Assets	39%	70%	40%	17%	-20%
Return on Investment (ROI)	38%	82%	23%	6%	-4%
Return on Equity (ROE)	65%	84%	13%	6%	-5%

Figure 29: SunSweet Co., Ltd.'s Profitability ratio – Table during 2015 - 2019  
(Source– Financial Report from <https://market.sec.or.th>)

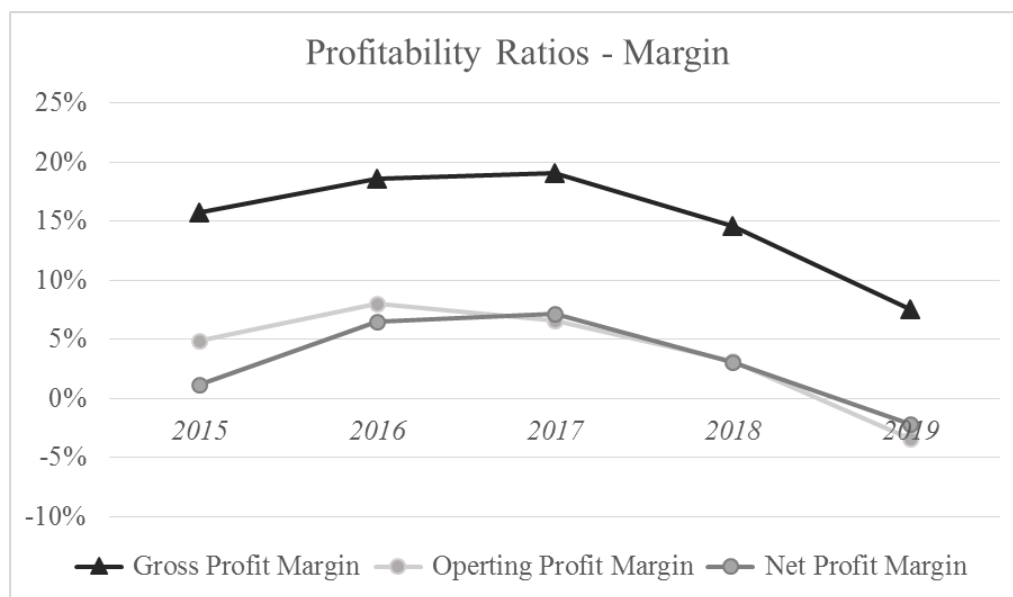


Figure 30: SunSweet Co., Ltd.'s Profitability ratio, Margin – Graph  
(Source– Financial Report from <https://market.sec.or.th>)

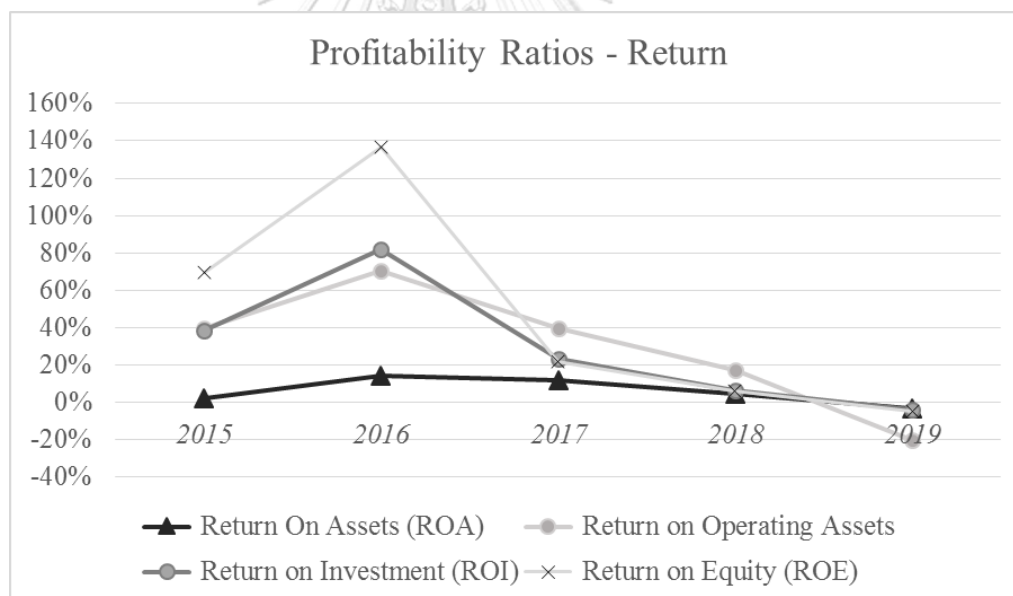


Figure 31: SunSweet Co., Ltd.'s Profitability ratio, Return – Graph  
(Source– Financial Report from <https://market.sec.or.th>)

As mentioned earlier, overall profitability ratios dropped mainly from COGS, lower capacity utilization due to drought, unwanted worm situation, and the external factor that affected decreasing sales from Baht appreciation against other currencies. The more margin makes more profit to the company. In terms

of the return, the overall has dropped from the decreasing of return both operating income and profit. Its company has increased non-current assets since 2015 in property, plant, and equipment, resulting in ROA's not significantly dropped along with operating income.

### **Efficiency Ratios**

Efficiency ratios measure the ability to utilize its assets and liabilities to generate a business's income. There are six ratios in this study by the following.

#### 1) *Asset Turnover Ratio*

The ratio measures frequency ratio, methods concerning the utilization of assets. The formula for the asset turnover ratio is:

$$\text{Asset Turnover} = \frac{\text{Sales}}{\frac{\text{Beginning Asstes} + \text{Ending Assets}}{2}}$$

#### 2) *Fixed Asset Turnover Ratio*

The ratio that measures how effectively utilize its fixed assets to generate income, to measure operating performance from its fixed asset investment, i.e., property, plant, and equipment (PP&E).

The formula for the fixed asset turnover ratio is:

$$\text{Fixed Asset Turnover} = \frac{\text{Sales}}{\frac{\text{Beginning Fixed Asstes} + \text{Ending Fixed Assets}}{2}}$$

#### 3) *Inventory Turnover Ratio*

It is a ratio that measures how well its inventory generates the company's income. It shows how well-managed inventory level.

The formula for inventory turnover ratio is:

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost of Goods Sold}}{\frac{\text{Beginning Inventory} + \text{Ending Inventory}}{2}}$$

It also includes the holding inventory date, the number of days when the inventory is converted to cash.

$$\text{Days sales of inventory} = \frac{\text{Average Inventory}}{\text{Cost of Goods Sold}} \times 365$$

#### 4) *Receivable Turnover Ratio*

Receivable Turnover Ratio or Account Receivable Turnover measures how quickly its company's account receivables or short-term debt are collected or being paid in a given period from customers. It would be tracked to monitor the trend or pattern and be compared against other companies.

The formula for receivable turnover ratio is:

$$\text{Accounts Receivable Turnover} = \frac{\text{Net Credit Sales}}{\text{Average Accounts Receivable}}$$

It also includes the collecting receivable date, the number of days when the account receivables are collected to the company.

$$\text{Collection Days} = \frac{\text{Average Account Receivable}}{\text{Net Credit Sales}} \times 365$$

#### 5) *Payable Turnover Ratio*

Payable Turnover Ratio or Account Payable Ratio measures the short-term liquidity to pay off the company's suppliers. The ratio shows how many times that the Company payoffs to suppliers.

The formula for payable turnover ratio is:

$$\text{Accounts Payable Turnover} = \frac{\text{Total Supply Purchases}}{\text{Average Accounts Payable}}$$

It also includes the payment date, the number of days when the company pays the account payable.

$$\text{Payment Days} = \frac{\text{Average Accounts Payable}}{\text{Total Supply Purchases}} \times 365$$

#### 6) *Cash Conversion Cycle*

The cash conversion cycle (CCC) measures how well-managed its working capital. The shorter date is well-liquidity management for the company.

The formula for the cash conversion cycle is:

$$\text{Cash Cycle} = \text{Inventory Days} + \text{Collection Day} - \text{Payment Days}$$

Some company has the minus cash cycle, and it means that its company has the leverage to more extended payment period with bargaining power to their suppliers and account receivable.

There is the company's result of Efficiency ratios in summary as the table below.

Efficiency Ratios					
Ratios / Years	2015	2016	2017	2018	2019
1) Asset Turnover Ratio	1.94	2.14	1.70	1.50	1.47
2) Fixed Asset Turnover Ratio	4.08	3.68	3.09	2.91	2.72
3) Inventory Turnover Ratio	6.98	11.66	10.32	5.25	5.91
<i>Inventory Days</i>	52	31	35	70	62
4) Receivable Turnover Ratio	13.19	17.56	18.32	15.84	13.62
<i>Collection Days</i>	28	21	20	23	27
5) Payable Turnover Ratio	10.13	11.13	12.46	10.74	9.23
<i>Payment Days</i>	36	33	29	34	40
6) Cash Conversion Cycle	44	19	26	59	49

Figure 32: SunSweet Co., Ltd.'s Efficiency ratio – Table  
(Source– Financial Report from <https://market.sec.or.th>)

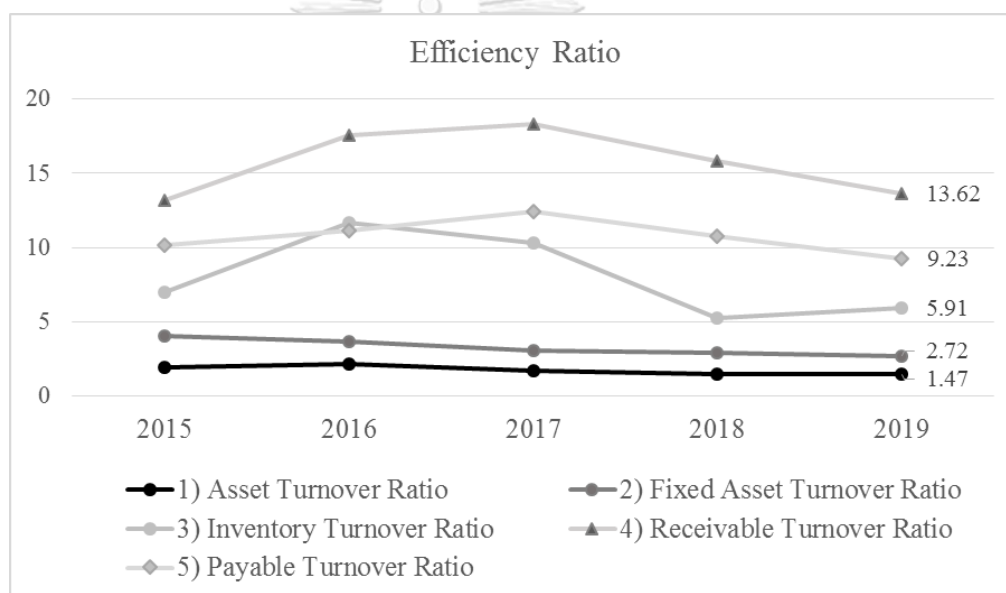
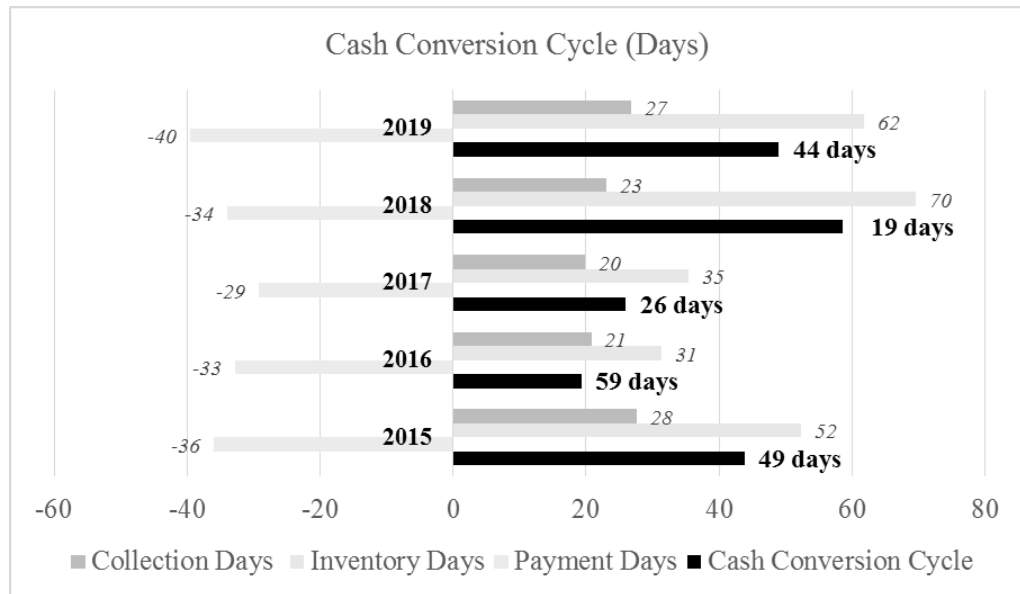


Figure 33: SunSweet Co., Ltd.'s Efficiency ratio – Graph  
(Source– Financial Report from <https://market.sec.or.th>)

Overall efficiency ratio had increased until dropped since 2017. It was mainly from sales. The inventory turnover ratio had sharply declined due to low inventory levels from a drought affecting the soft raw materials.



*Figure 34: SunSweet Co., Ltd.'s Cash Conversion Cycle (Days) – Graph  
(Source– Financial Report from <https://market.sec.or.th>)*

The cash conversion cycle had double increased from 2017 to 2019 due to the longer inventory days with raw materials purchasing after the drought. However, the company maintained the average collection day and improved the more extended payment day.

### **Liquidity Ratios**

The liquidity ratios are the important metrics to see a company's ability to meet its debt obligations focusing on current or short-term debt. There are two ratios in this study by the following. The higher the rate, the better its liquidity.

#### *1) Current Ratio*

The ratio measure's ability to meet its current liabilities (payable) with current assets (cash, account payables, and inventories).

The formula for the current ratio is:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

## 2) Quick Ratio

The ratio measure's ability to meet its current liabilities (payable) with the most liquid in current assets (cash, account payables), excluding inventories.

The formula for the quick ratio is:

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventories} - \text{Prepaid Expenses}}{\text{Current Liabilities}}$$

The company's result of Liquidity ratios as the table below.

Liquidity Ratios					
Ratios / Years	2015	2016	2017	2018	2019
1) Current Ratio	0.44	0.29	3.57	1.71	1.35
2) Quick Ratio	0.20	0.16	1.50	0.43	0.89

Figure 35: SunSweet Co., Ltd.'s Liquidity ratios – Table  
(Source– Financial Report from <https://market.sec.or.th>)

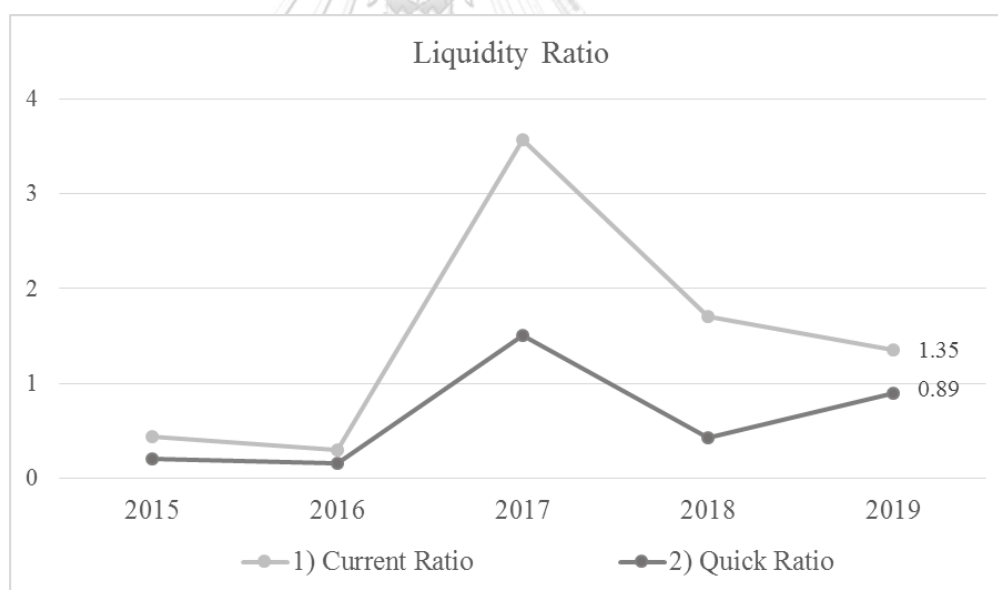


Figure 36: SunSweet Co., Ltd.'s Liquidity ratio – Graph  
(Source– Financial Report from <https://market.sec.or.th>)

The liquidity ratio was a peak in 2017 from the cash from IPO to use in working capital resulting in liquidity improvement later.



## Leverage Ratios

A leverage ratio is a measurement that how much capital is required to meet the financial obligations. The capital is a mixture of equity and debt in their operations. The common ratios are included in three ratios by the following. The high ratio indicates the aggressive in debt for operation growth.

### 1) Debt to Equity Ratio

The ratio measures the level of debt with the capital of their equity. The optimal ratio varies by industry; a Debt-to-Equity Ratio generally should not greater than 2.0, 1.0 is commonly for banks.

The formula for the Debt-to-Equity Ratio (D/E) is:

$$D/E \text{ Ratio} = \frac{\text{Total Liabilities}}{\text{Total Shareholder's Equity}}$$

### 2) Debt to Asset Ratio

The ratio measures the number of assets as the proportion is financed by debt.

The formula for the Debt to Asset ratio or Debt ratio is:

$$\text{Debt Ratio} = \frac{\text{Total Debt}}{\text{Total Assets}}$$

### 3) Net Debt to Equity Ratio

The ratio measures the level of total debt less cash with total equities.

The formula for the Net Debt to Equity ratio is:

$$\text{Net Debt to Equity Ratio} = \frac{\text{Net Debt}}{\text{Total Shareholder's Equity}}$$

Where:

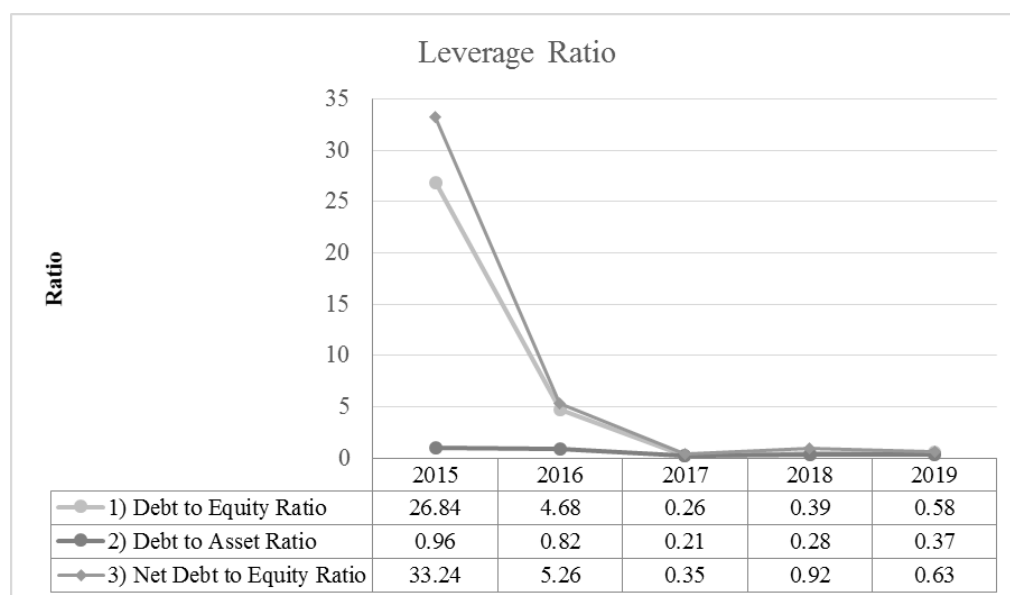
Net Debt = STD + LTD – CCE;

STD = debt is due in one year or less than 12 months, such as short-term bank loans, account payables, and lease payments.

LTD = Long-term debt with the maturity date longer than one year, including bond, lease payments, term loans, small and note payables.

CCE = cash or equivalent cash

The company's result of Interest Coverage ratios is in the table below.



*Figure 37: SunSweet Co., Ltd.'s Leverage ratio – Graph  
(Source– Financial Report from <https://market.sec.or.th>)*

Debt to Equity Ratio and Net Debt to Equity ratio significantly decreased from the cash received from the initial public offering (IPO) to use in working capital, replacing the credit lines from financial institutions' loans. Consequently, the leverage ratio was better with the low D/E ratio at 0.58, the Debt ratio at 0.37, and the Net Debt to Equity ratio at 0.63, accordingly in 2019.

## VI. CONCLUSION AND RECOMMENDATIONS

### Conclusion

Sunsweet's has grown continually in revenue, although the revenue dropped in 2017 from the new machine's low-capacity utilization rate. The revenue structure in 2019 was mainly from Canned sweet corn product by 67%, from selling products under customer's brand type of 68%, from the location in Asia by 54%, and from international customers (agent, importer, and distributor) by 77%. Accordingly, the revenue was from exporting and executed in the buyer's currency is the U.S. dollar. The external factors in Baht appreciate against other currencies, impacted the selling price of exporting product. Moreover, the cost

structure in 2019 was mainly from Raw materials by 58%. It affected drought and unwanted worm situation.

Consequently, the shortage in raw materials increased the cost price and increased production cost from lower capacity utilization. Besides, there was the extra cost in production to the flexibility of the excess stock later. As a result of overall profitability dropped in 2017 – 2019 related to the Common Size in Income Statement, COGS was the most of portion more than 80%.

In a part of the Common Size in Balance Sheet, the highest portion, about half of the total assets, was PP&E. The value of PP&E has continually grown from investment in its machinery and equipment to improve productivity, cost, and quality. As you can see, the company had long-term loans from financial institutions used for machinery investment. Following this, the company issued new ordinary shares. It offered its share to the public (IPO) to repay its long-term loans in 2017, resulting in decreasing interest expense and a significantly higher portion in total equities than total liabilities by 63% for total equity to total liabilities 2019.

In terms of cash flow in 2019, the cash flow was mainly inflow from operating activities affected by a decrease in inventories even though cash outflow from purchasing plant and equipment and payment on short-term loans. Eventually, cash at the end of 2019 had a net cash inflow total of 243,351,249 baht.

For Financial Ratio analysis, overall profitability ratios dropped mainly from COGS, and selling price from the external factor affected decreasing sales from Baht appreciation against other currencies. Following this, the efficiency ratio also dropped accordingly to the profitability ratio. However, the company maintained the average collection day and improved the more extended payment day. The liquidity ratio had improved since IPO in 2017 using cash for working capital and repay loans from financial institutes, resulting in increasing current assets and decreasing current liabilities. The leverage ratio has also

improved with cash received from IPO, and then the debt was lower while equity was higher.

### **Recommendations**

Sunsweet's product has strength from global consumption growth in health consumer behavior trends and the convenience in ready-to-eat. As well as, Thailand's weather conditions and environment are conducive to planting corn until becoming an essential agricultural economic product and a top ten-world export. Therefore, the Company's Revenue had continually grown into sweet corn's exporters globally, with the export value's market share at 4% in 2019.

In recent years, the company faced a fluctuation in the exchange rate from export products and climate situation by commodity product nature. We have seen that the company has continuous improvement in several ways, such as executing a Forward Contract with a financial institution, closely monitoring and evaluating exchange risk by analyzing economic conditions to reduce the risk of foreign exchange volatility. For the risk of climate change and natural disasters, the company also aware of the problem. They are working on mitigating these risks by making "Contract Farming" and "Smart Farming." It will help control cost and control the supply matching the company's order. Above all, the recommendation in this study has two points by the following.

- 1) Migration risk of the fluctuation exchange rate by the following actions.
  - a. Continue to monitor by setting the acceptance level:
    - Setting the percentage of change in the exchange rate would help decide the portion of the Forward Contract.
  - b. Converting the buyer's currency from foreign currency to Baht currency:
    - To negotiation with customers, we are focusing on half of the customers located in Asia by 54% of the world.
    - Increase bargaining power with higher-value products.
  - c. Opening an account of Foreign Currency Deposit (FCD):

- To facilitate the foreign currency of received income by reducing the risk in many exchange times and reducing spread in bid/offer currency price to financial institutions.
- 2) Migration risk of sweet corn supply from climate change and natural disasters by the following actions.
- a. Continue to expand the Smart Farming Project:
    - To support farmers who participate in this project using automatic measurement and control technology for planting, such as soil nutrient analysis, to increase productivity per rai maximum to two times (2x) as mentioned earlier.
    - The company can control the overall sweet corn supply to match the customer's order.

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