

Chairman's Message

During 2019, the company faced challenges from fluctuating economic and global financial conditions, international trade tensions from the trade war between the USA and China, the US's increasingly restrictive trade policies, China's decelerating economic growth and the disruptive technology trend causing changes to consumers' consumption behavior which gave rise to emerging new product or service business. Such factors had led to Thailand experiencing a general decline in her exports. The strengthening baht relative to other Asean countries contributed to the lower prices of Thailand's competitors in the region and effectively reducing the company's competitiveness thus its decreasing revenues.

Thailand's pineapple business in 2019 continuously slow down attributed to the declining pineapple situation starting from the middle of 2017 until the middle of 2018. This had led to continuing shrinking pineapple prices received by farmers who switched to planting other crops such as cassava, sugar cane, maize etc. The reduced pineapple output was insufficient to meet the factory's requirements resulting in higher pineapple prices at the factory gate in 2019 although the selling prices could not be adjusted in line with rising raw material cost as overseas customers switched to buying from Thailand's competitors such as the Philippines and Indonesia which experienced rising pineapple supply since 2016. This year, Indonesia was able to increase its production capacity thanks to normal weather conditions while the EU has granted it GSP status resulting in the country enjoying 3.5% lower import tariff than Thailand. Philippines was also granted GSP+ status by the EU resulting in the country enjoying lower import tariff by up to 18.5% compared to Thailand. Effectively, both countries enjoy a significantly lower production cost/selling price. Further compounding the situation, Thailand faced a rising cost of tin cans, labor and stronger baht resulting in higher selling prices relative to overseas competitors. As a result, the company experienced difficulty in selling its products. But thanks to product quality, good reputation, good customer service, the close cooperation between the directors and management in monitoring and assessing business risks and the emphasis on quality, services and good customer relationship, the company will be able to ride out these obstacles this year.

As for 2020, the trade war between USA and China is anticipated to deteriorate, the foreign exchange issue will remain, the continuing pineapple shortage in 2019 and Thailand's competitors' robust pineapple stock shall lead to the inability to adjust selling price by much, which shall continue to hamper Thailand's export ambition. 2020 will be another challenging year for the company's management. The company shall cautiously plan to maintain inventory to match the market demand, expand market to Eastern Europe, conduct research to expand product lines, promote the use of innovation to add value to the production process going forward.

For the operating result for the year ended September 30, 2019, the company had total income of baht 1,972.01 million and a net operating loss of baht 537.07 million. Profit from associated companies was baht 70.01 million and total net loss earned was baht 467.06 million. For comparison in the nine months ended September 30, 2018, the company had total income of baht 2,430.76 million and a net operating loss of baht 36.57 million. Profit from associated companies was baht 205.55 million and total net profit earned was baht 168.98 million.

The associated company is Eastern Seaboard Industrial Estate (Rayong) Co., Ltd. The share of profits in the financial statements of baht 70.01 million, increased from the previous year by baht 135.54 million or equal to 65.94% due to decrease revenue from the sale of real estate.

The company continues to support project activities that are useful for the society, i.e. natural and environmental conservation, improvement of life quality, health, education, sport, religion for the employees and community.

On behalf of the Board of Directors, I would like to thank all shareholders, customers, both local and international, farmers and growers of the company, financial institutions, and all our employees and related parties who have supported our operation so well. The Board of Directors, Executives and all employees shall pay high attention to develop, to progress and to make our company prosperous.



(Mr. Thien Mekanontchai)
Chairman of the Board