



No. FI201805-01

May 14th, 2018

Subject: Report on operating results for the quarter ended March 31st, 2018
and changes in the operating results of more than 20% from the same period of the previous year

To: President of the Stock Exchange of Thailand

In reference to the aforementioned regulation of the Stock Exchange of Thailand which states that in case of the listed company's operating results are different from the same period of the previous year by more than 20%, the listed company shall prepare a report to notify the reasons for such changes and submit it along with the financial statements.

(Unit: Thousand Baht)

Profit & Loss statement	Q1/2018	%	Q1/2017	%	Q4/2017	%	YoY%	QoQ%
Total Revenue	729,229	100.0%	509,421	100.0%	638,894	100.0%	43.1%	14.1%
Revenue from selling goods	702,351	96.3%	496,541	97.5%	622,062	97.4%	41.4%	12.9%
Net gain from foreign exchange	13,257	1.8%	5,857	1.1%	5,732	0.9%	126.3%	131.3%
Others income	13,621	1.9%	7,023	1.4%	11,100	1.7%	93.9%	22.7%
Cost of goods sold	425,657	58.4%	316,307	62.1%	388,269	60.8%	34.6%	9.6%
Gross profit	303,572	41.6%	193,114	37.9%	250,625	39.2%	57.2%	21.1%
SG&A	152,385	20.9%	128,959	25.3%	154,680	24.2%	18.2%	-1.5%
Selling expenses	80,069	11.0%	69,445	13.6%	91,784	14.4%	15.3%	-12.8%
Administrative expenses	72,316	9.9%	59,514	11.7%	62,896	9.8%	21.5%	15.0%
EBIT	151,187	20.7%	64,155	12.6%	95,945	15.0%	135.7%	57.6%
Share of profit(loss) from investment in association	(2,568)	-0.4%	(1,922)	-0.4%	255	0.0%	33.6%	-1106.5%
Finance costs	36	0.0%	34	0.0%	36	0.0%	7.6%	0.9%
EBT	148,583	20.4%	62,199	12.2%	96,164	15.1%	138.9%	54.5%
Income tax expense	31,394	4.3%	13,392	2.6%	19,333	3.0%	134.4%	62.4%
Net profit(loss)	117,189	16.1%	48,807	9.6%	76,831	12.0%	140.1%	52.5%
Net profit(loss) of Parent Company	117,289	16.1%	48,777	9.6%	77,305	12.1%	140.5%	51.7%



Overall

For overall performance of Sappe Public Company Limited's consolidated net profit for Q1/2018 was Baht 117.2 million, a 140.1% growth compared to the same quarter of the previous year. The main reason driving the net profit was international sales, thanks to the uptrend of consumer off-take in many countries alongside with successful supply chain collaboration and inventory management with some of our big partners. Moreover, the company also managed and controlled COGS and SG&A effectively this quarter.

Revenue from selling goods

The company reported its revenue from selling goods of Baht 702.4 million, increased from the same quarter of the previous year at Baht 496.5 million, or growth YoY by 41.4%.

Domestic core brands' sales growth were still aligned with our target, mainly due to launching a new campaign and TVC focused on Beauti Drink S-Slim to communicate a specific product benefit as well as emphasize on brand awareness toward our target groups. At the end of this quarter, the company launched 2 new SKUs of Sappe Beauti Jelly Fiber and Sappe Beauti Jelly Collagen, received quite a good introductory feedback from our consumers.

In addition, international sales significantly grew compared with the same quarter of the previous year due to;

- 1) Expanding sales in many markets (including Indonesia) and opening main distribution channels in new countries.
- 2) Resolving inventory level at customers' warehouses with more efficient supply chains. We also expected that our better efficiency of supply chains will help Q2/2018 achieve sufficient production capacity for high season in Q2/2018 (compared to Q2/2017 that the capacity had some opportunity loss from insufficient capacity).

Cost of goods sold

Cost of goods sold in Q1/2018 was at 58.4% of the total revenue, a decline from 62.1% in the same period of the previous year. Firstly, our repeated order during this period led to high utilization rate of production facilities, resulted in the improved cost of goods sold for this quarter. Secondly, the factory was able to manage and control the expenses efficiently.

Selling expenses

The company reported the portion of selling expenses to total revenue at 11.0% this quarter, significantly lower than the same period of the previous year at 13.6%, because the company had a well-managed plan in Q1/2018, accelerating sales growth faster than the increase of the selling expenses.



Administrative expenses

The company reported administrative expenses at Baht 72.3 million, higher than Q1/2017 at Baht 59.5 million. The administrative expenses increased due to the expansion of business. However, these expenses to total revenue decreased from 11.7% in Q1/2017 to 9.9% in Q1/2018.

Share of profit (loss) from investment in association

The company reported loss at Baht 2.6 million from investment in the association All Coco Group because of one-time maintenance costs in Q1/2018.

Net Profit (Loss)

Net profit of the company in Q1/2018 equaled to Baht 117.2 million or 16.1% of total revenue, compared with the same period of the previous year at Baht 48.8 million or 9.6% of total revenue, accounted for 140.1% growth.

Please be informed accordingly.

Best Regards,

(Ms.Piyajit Ruckariyapong)

Director and Chief Executive Officer