



No. FI201905-01

May 14th, 2019

Subject: Report on operating results for the quarter ended March 31st, 2019
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

Regarding a regulation of the Stock Exchange of Thailand stating 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 submit a report, along with financial statements, to notify the reasons for such changes.

(Unit: Thousand Baht)

P&L statement as at Q1/2019

Profit & Loss statement	Q1/2019	%	Q1/2018	%	Q4/2018	%	YoY%	QoQ%
Total Revenue	797,259	100.0%	729,229	100.0%	660,115	100.0%	9.3%	20.8%
Revenue from selling goods	775,642	97.2%	702,351	96.3%	644,185	97.6%	10.4%	20.4%
Net gain from foreign exchange	-	0.0%	13,257	1.8%	2,610	0.3%	-100.0%	-100.0%
Gain from changes in interest in associate	10,082	1.3%	-	0.0%	-	0.0%		
Others income	11,535	1.4%	13,621	1.9%	13,320	2.0%	-15.3%	-13.4%
Cost of goods sold	486,338	61.0%	425,657	58.4%	412,937	62.6%	14.3%	17.8%
Gross profit	310,921	39.0%	303,572	41.6%	247,177	37.4%	2.4%	25.8%
SG&A	165,300	20.7%	152,385	20.9%	197,315	29.9%	8.5%	-16.2%
Selling expenses	99,111	12.4%	80,069	11.0%	132,225	20.1%	23.8%	-25.0%
Administrative expenses	65,495	8.2%	72,316	9.9%	65,090	9.9%	-9.4%	0.6%
EBIT	145,621	18.3%	151,187	20.7%	49,863	7.6%	-3.7%	192.0%
Share of profit(loss) from investment in association	(255)	0.0%	(2,568)	-0.4%	5,782	0.9%	-90.1%	-104.4%
Finance costs	228	0.0%	36	0.0%	47	0.0%	525.1%	385.1%
EBT	145,138	18.2%	148,583	20.4%	55,598	8.4%	-2.3%	161.0%
Income tax expense	27,360	3.4%	31,394	4.3%	6,230	0.9%	-12.8%	339.2%
Net profit(loss)	117,778	14.8%	117,189	16.1%	49,368	7.5%	0.5%	138.6%
Net profit(loss) of Parent Company	115,251	14.5%	117,289	16.1%	49,709	7.5%	-1.7%	131.9%



Overall

For overall performance of Sappe Public Company Limited, consolidated revenues for Q1/2019 was Baht 797.3 million, 9.3% increasing from the same period of last year, mainly resulting from expansion of domestic business by launching new product, B'lue, and consolidation of All Coco group as Sappe's subsidiary.

For Sappe's existing products excluding new businesses, B'lue and All Coco Group, %COGS to total revenue was at the same level YoY. However, including B'lue and All Coco Group, the %COGS was 2.6 pts higher than Q1/2018.

For %SG&A to total revenue, Sappe maintained the same level, comparing to the same period of last year. As a result, the net profit in Q1/2019 was at Baht 117.8 million, slightly increase by 0.5% YoY and 138.6% QoQ

Revenue

The company reported its revenue from selling goods at Baht 775.6 million, 10.4% increasing from the same period last year, reported at Baht 702.4 million.

Domestic sales revenue significantly grew in this quarter. The growth mainly came from B'lue, which was launched to the market at the end of the quarter and tended to receive a positive feedback from consumers. In addition, as a new subsidiary, All Coco Group's sales revenue was consolidated into Sappe's Q1/2019 financial statement.

Since the peak season of this year was expected in Q2&Q3, instead of Q1&Q2 as last year, export sales slightly dropped this quarter. Focusing on market and channels expansion in selected potential countries will help increase sales and reduce concentration risk.

Cost of goods sold

%COGS to total revenue in Q1/2019 was at 61.0%, comparing to 58.4% in the same period of the previous year. This increase was from 2 major factors. Firstly, as a co-packer/OEM and a distributor, the gross margin of B'lue was lower than other existing brands manufactured and distributed by Sappe. Furthermore, in this quarter consolidation of All Coco group with higher cost structure also had an impact on the company's %COGS.

Excluding the impact of B'lue and All Coco, the company's %COGS was at 58.9%, in line with the same period of the previous year.

Selling expenses

The company reported % selling expenses to total revenue at 12.4% this quarter, the same level as previous year due to an efficient budget management.

**Administrative expenses**

The company reported administrative expenses at Baht 65.5 million decreasing by Baht 6.8 million comparing to the same period last year.

Share of profit (loss) from investment in association

The company reported total loss at Baht 0.26 million from investment in associates, resulting from 1) Baht 1.9 million net profit from All Coco Group (based on 40% shareholding) and 2) Baht 2.2 million net loss from Danone-Sappe Beverages (based on 25% shareholding)

Net Profit (Loss)

The company reported net profit at Baht 117.8 million or 14.8% of total revenue, 138.6% growth from the previous quarter and 0.5% growth YoY. In this quarter, the company reported the gain from changes in interest in associate of Baht 10.1 million.

Please be informed accordingly.

Sincerely Yours,

(Ms.Piyajit Ruckariyapong)

Director and Chief Executive Officer