



No. FI201908-01

August 14th, 2019

Subject: Report on operating results for the quarter ended June 30th, 2019
and changes in the operating results 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)

Profit & Loss statement	Q2/2019	%	Q2/2018	%	Q1/2019	%	YoY%	QoQ%	H1/2019	%	H1/2018	%	YoY%
Total Revenue	938,701	100.0%	858,715	100.0%	797,259	100.0%	9.3%	17.7%	1,735,266	100.0%	1,577,582	100.0%	10.0%
Revenue from selling goods	921,729	98.2%	846,935	98.6%	775,642	97.3%	8.8%	18.8%	1,697,371	97.8%	1,549,286	98.2%	9.6%
Net gain from foreign exchange	2,798	0.3%	-	0.0%	-	0.0%	100.0%	100.0%	2,104	0.1%	2,895	0.2%	-27.3%
Gain from changes in interest in associate	-	0.0%	-	0.0%	10,082	1.3%		-100.0%	10,082	0.6%	-	0.0%	100.0%
Others income	14,174	1.5%	11,780	1.4%	11,535	1.4%	20.3%	22.9%	25,709	1.5%	25,401	1.6%	1.2%
Cost of goods sold	573,193	61.1%	540,013	62.9%	486,338	61.0%	6.1%	17.9%	1,059,531	61.1%	965,670	61.2%	9.7%
Gross profit	365,508	38.9%	318,702	37.1%	310,921	39.0%	14.7%	17.6%	675,735	38.9%	611,912	38.8%	10.4%
SG&A	184,274	19.6%	170,845	19.9%	165,300	20.7%	7.9%	11.5%	348,880	20.1%	312,868	19.8%	11.5%
Selling expenses	108,810	11.6%	92,895	10.8%	99,111	12.4%	17.1%	9.8%	207,921	12.0%	172,964	11.0%	20.2%
Administrative expenses	75,464	8.0%	67,588	7.9%	65,495	8.2%	11.7%	15.2%	140,959	8.1%	139,904	8.9%	0.8%
Net loss from foreign exchange	-	0.0%	10,362	1.2%	694	0.1%	-100.0%	-100.0%	-	0.0%	-	0.0%	
EBIT	181,234	19.3%	147,857	17.2%	145,621	18.3%	22.6%	24.5%	326,855	18.8%	299,044	19.0%	9.3%
Share of profit(loss) from investment in association	(9,779)	-1.0%	(436)	-0.1%	(255)	0.0%	2140.4%	3732.6%	(10,034)	-0.6%	(3,004)	-0.2%	234.0%
Finance costs	354	0.0%	57	0.0%	228	0.0%	525.5%	55.3%	582	0.0%	93	0.0%	526.0%
EBT	171,101	18.2%	147,364	17.2%	145,138	18.2%	16.1%	17.9%	316,239	18.2%	295,947	18.8%	6.9%
Income tax expense	37,352	4.0%	29,724	3.5%	27,360	3.4%	25.7%	36.5%	64,712	3.7%	61,118	3.9%	5.9%
Net profit(loss)	133,749	14.2%	117,640	13.7%	117,778	14.8%	13.7%	13.6%	251,527	14.5%	234,829	14.9%	7.1%
Net profit(loss) of Parent Company	135,711	14.5%	117,700	13.7%	115,251	14.5%	15.3%	17.8%	250,962	14.5%	234,989	14.9%	6.8%



Overall

For overall performance of Sappe Public Company Limited, consolidated revenues for Q2/2019 was Baht 938.7 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 financial performance consolidation of All Coco group Co., Ltd ("All Coco"), Sappe's subsidiary.

For %COGS to total revenue, it was 1.8 pts lower YoY due to better cost management and high utilization rate from peak season demand.

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 Q2/2019 was at Baht 133.7 million, slightly increased by 13.7% YoY and 13.6% QoQ

Revenue

The company reported its revenue from selling goods at Baht 921.7 million, 8.8% increasing from the same period last year, reported at Baht 846.9 million.

Domestic sales revenue significantly increased in this quarter, mainly from B'lue, which was launched to the market plus the company received positive feedbacks from the customers. In addition, All Coco has expanded to new distribution channel, Out of Home, with an impressive growth rate comparing to the previous quarter.

International sales revenue dropped comparing to the same period of the previous year. The main reason was from the depreciation of the customers' currency against US dollar, consequently to higher importing cost. Moreover, Sappe reduced the sales support and marketing budget in this quarter.

Focusing on market and channels expansion in selected potential countries are still company's strategy which will help increase sales and reduce concentration risk in the future.

Cost of goods sold

%COGS to total revenue in Q2/2019 was at 61.1%, comparing to 62.9% in the same period of the previous year. The %COGS was improved from 2 major factors, 1) better cost management e.g. lower production losses, PET resin usage optimization and 2) higher utilization rate from peak season demand.

Despite the pressure of appreciation of THB against US dollar and financial performance consolidation of B'lue and All Coco with higher %COGS than Sappe's base business, %COGS was still at a satisfactory level, 61.1%, reduced by 1.8 pts from the same period of previous year (or by 5.5 pts excluding B'lue and All Coco Businesses)

**Selling expenses**

The company reported %selling expenses to total revenue at 11.6% this quarter, slightly increased by 0.8 pts comparing to the same period of previous year due to financial performance consolidation of B'lue and All Coco. However, the selling expense was still in line with the budget

Administrative expenses

The company reported administrative expenses at Baht 75.5 million higher than the same period of previous year at Baht 67.6 million due to business expansion. In addition, the company recorded an additional expense for employee benefit obligations as required by labor law at 1.2 million in this quarter

Share of profit (loss) from investment in association

The company reported total loss of Baht 9.8 million from investment in associates, Danone-Sappe Beverages Co., Ltd. (based on 25% shareholding)

Net Profit (Loss)

The company reported net profit at Baht 133.7 million or 14.2% of total revenue, 13.6% growth from the previous quarter and 13.7% growth YoY.

Please be informed accordingly.

Sincerely Yours,

(Ms.Piyajit Ruckariyapong)

Director and Chief Executive Officer