



No. FI202008-01

August 13<sup>th</sup>, 2020

Subject: Report on operating results for the year ended June 30<sup>th</sup>, 2020  
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.

Table 1: P&L Statement

(Unit: Thousand Baht)

Profit & Loss statement	Q2/2020	%	Q2/2019	%	Q1/2020	%	YoY%	QoQ%	H1/2020	%	H1/2019	%	YoY%
<b>Total Revenue</b>	<b>728,197</b>	<b>100.0%</b>	<b>938,242</b>	<b>100.0%</b>	<b>844,351</b>	<b>100.0%</b>	<b>-22.4%</b>	<b>-13.8%</b>	<b>1,560,679</b>	<b>100.0%</b>	<b>1,734,253</b>	<b>100.0%</b>	<b>-10.0%</b>
Revenue from selling goods	704,413	96.7%	921,270	98.2%	830,046	98.3%	-23.5%	-15.1%	1,534,459	98.3%	1,696,358	97.8%	-9.5%
Net gain from foreign exchange	11,869	1.6%	2,798	0.3%	-	0.0%	324.2%	100.0%	-	0.0%	2,104	0.1%	-100.0%
Gain from changes in interest in associate	-	0.0%	-	0.0%	-	0.0%			-	0.0%	10,082	0.6%	-100.0%
Others income	11,915	1.6%	14,174	1.5%	14,305	1.7%	-15.9%	-16.7%	26,220	1.7%	25,709	1.5%	2.0%
<b>Cost of goods sold</b>	<b>454,889</b>	<b>62.5%</b>	<b>573,193</b>	<b>61.1%</b>	<b>533,436</b>	<b>63.2%</b>	<b>-20.6%</b>	<b>-14.7%</b>	<b>988,325</b>	<b>63.3%</b>	<b>1,059,531</b>	<b>61.1%</b>	<b>-6.7%</b>
<b>Gross profit</b>	<b>273,308</b>	<b>37.5%</b>	<b>365,049</b>	<b>38.9%</b>	<b>310,915</b>	<b>36.8%</b>	<b>-25.1%</b>	<b>-12.1%</b>	<b>572,354</b>	<b>36.7%</b>	<b>674,721</b>	<b>38.9%</b>	<b>-15.2%</b>
<b>SG&amp;A</b>	<b>168,221</b>	<b>23.1%</b>	<b>183,814</b>	<b>19.6%</b>	<b>206,662</b>	<b>24.5%</b>	<b>-8.5%</b>	<b>-18.6%</b>	<b>363,014</b>	<b>23.3%</b>	<b>347,867</b>	<b>20.1%</b>	<b>4.4%</b>
Selling expenses	93,658	12.9%	108,351	11.5%	106,005	12.6%	-13.6%	-11.6%	199,663	12.8%	206,908	11.9%	-3.5%
Administrative expenses	74,563	10.2%	75,464	8.0%	75,057	8.9%	-1.2%	-0.7%	149,620	9.6%	140,959	8.1%	6.1%
Net loss from foreign exchange	-	0.0%	-	0.0%	25,600	3.0%		-100.0%	13,731	0.9%	-	0.0%	0.0%
<b>EBIT</b>	<b>105,087</b>	<b>14.4%</b>	<b>181,234</b>	<b>19.3%</b>	<b>104,253</b>	<b>12.3%</b>	<b>-42.0%</b>	<b>0.8%</b>	<b>209,340</b>	<b>13.4%</b>	<b>326,855</b>	<b>18.8%</b>	<b>-36.0%</b>
Finance costs	(831)	-0.1%	(354)	0.0%	(863)	-0.1%	134.7%	-3.7%	(1,694)	-0.1%	(582)	0.0%	191.0%
Reversal of impairment loss (TFRS 9)	2,531	0.3%	-	0.0%	1,161	0.1%	100.0%	118.0%	3,692	0.2%	-	0.0%	0.0%
Share of profit(loss) from investment in association	(2,397)	-0.3%	(9,779)	-1.0%	(3,105)	-0.4%	-75.5%	-22.8%	(5,502)	-0.4%	(10,034)	-0.6%	-45.2%
<b>EBT</b>	<b>104,390</b>	<b>14.3%</b>	<b>171,101</b>	<b>18.2%</b>	<b>101,446</b>	<b>12.0%</b>	<b>-39.0%</b>	<b>2.9%</b>	<b>205,836</b>	<b>13.2%</b>	<b>316,239</b>	<b>18.2%</b>	<b>-34.9%</b>
Income tax expense	22,741	2.9%	37,352	4.0%	18,445	2.9%	-39.1%	23.3%	41,186	2.6%	64,712	3.7%	-36.4%
<b>Net profit(loss)</b>	<b>81,649</b>	<b>11.2%</b>	<b>133,749</b>	<b>14.3%</b>	<b>83,001</b>	<b>9.8%</b>	<b>-39.0%</b>	<b>-1.6%</b>	<b>164,650</b>	<b>10.5%</b>	<b>251,527</b>	<b>14.5%</b>	<b>-34.5%</b>
Net profit(loss) of Parent Company	82,753	11.4%	135,711	14.5%	82,011	9.7%	-39.0%	0.9%	164,764	10.6%	250,962	14.5%	-34.3%



## Overall

Regarding overall performance of Sappe Public Company Limited, consolidated total revenue for Q2/2020 were Baht 728.2 million, a decrease by 22.4% from the same period last year. This was due mainly to COVID-19 outbreaks and lockdown policies across the globe, leading to lower consumption in both local and international markets.

A proportion of cost of goods sold to the total revenue slightly increased by 1.4 pts. compared with the same period of last year, because of additional excise tax imposed on some categories and lower utilization rates at the company's factory. However, the company's performance still had a positive impact from somewhat lower packaging costs than in Q2/2019.

A proportion of selling expenses to the total revenue was reported at 12.9% and administrative expense stood at Baht 74.6 million, no significant change from the same period last year. In brief, the company reported its net profit in Q2/2020 at Baht 81.6 million, dropped by 39.0% from the same period last year at Baht 133.7 million, caused by lower gross profit in this quarter.

For the outlook in H2/2020, the company expects numbers of positive factors 1) demand recoveries as well as growth signal in functional category; 2) an increase of utilization rates and a decrease of excise tax rate from 10% to 3% of retail prices since July 2020; 3) a consistently low prices of PET resin and bottles.

## Revenue from Selling Goods

The company reported its revenue from selling goods at Baht 704.4 million, 23.5% lower than the same period last year, of which domestic sales were Baht 321.9 million and international sales were Baht 382.5 million, account for drops by 15.3% and 29.4% YoY respectively.

In fact, domestic market sales decreased at the lower rate than export market, thanks to a strong growth of local functional category.

For the international market, majority of our customers across the globe shared the same difficulty as domestic customers. Nonetheless, the company expects stronger recoveries of COVID-19 crisis in both domestic and export markets during H2/2020.

## Cost of Goods Sold

The proportion of COGS to the total revenue in Q2/2020 was at 62.5%, up from Q2/2019 at 61.1%. This was because the additional excise tax imposed since Oct/2019 at 10% to retail price and the lower utilization rates during this tough quarter. However, the company still had some gains from our packaging and bottle costs (PET Resin) which significantly lower than in Q2/2019.



In the second half of the year, the company anticipated the better proportion of the COGS to the total revenue due to 1) the lower excise tax rate from 10% to 3% to retail prices since July/2020; 2) the recoveries of customers' demands, leading to higher utilization rates, while PET resin costs remain low.

#### **Selling expenses**

The company reported a proportion of selling expenses to the total revenue at 12.9% this quarter, no significant change from last year at 11.5% and in-line with company's budget.

#### **Administrative expenses**

The company reported administrative expenses at Baht 74.6 million, a slightly decrease from last year at Baht 75.5 million due to well-managed spending compared to the company's budget.

#### **Gain (loss) from foreign exchange**

The company reported gains from foreign exchange at Baht 11.8 million, due to continuous appreciation of Thai Baht during this quarter from COVID-19 outbreaks.

#### **Share of profit (loss) from investment in association**

In this quarter, the company reported a total loss of Baht 2.4 million from investment in an associate, Danone-Sappe Beverages Co., Ltd. (owned 25% shares). This loss was planned for an investment to create brand awareness of B'lue, aligned with the associate's budgeting of fiscal year 2.

#### **Net Profit (Loss)**

The company reported net profit at Baht 81.6 million or 11.2% of the total revenue, decreased by 1.6% QoQ and 39.0% YoY, due mainly to the lower gross profit in this quarter.

Please be informed accordingly.

Sincerely Yours,

(Ms.Piyajit Ruckariyapong)

Director and Chief Executive Officer