



No. FI201911-01

November 12th, 2019

Subject: Report on operating results for the quarter ended September 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)

P&L statement as at Q3/2019

Profit & Loss statement	Q3/2019	%	Q3/2018	%	Q2/2019	%	YoY%	QoQ%
Total Revenue	833,460	100.0%	648,187	100.0%	938,701	100.0%	28.6%	-11.2%
Revenue from selling goods	815,194	97.8%	633,391	97.7%	921,729	98.2%	28.7%	-11.6%
Net gain from foreign exchange	154	0.0%	1,976	0.3%	2,798	0.3%	-92.2%	-94.5%
Others income	18,112	2.2%	12,820	2.0%	14,174	1.5%	41.3%	27.8%
Cost of goods sold	491,794	59.0%	421,213	65.0%	573,193	61.1%	16.8%	-14.2%
Gross profit	341,666	41.0%	226,974	35.0%	365,508	38.9%	50.5%	-6.5%
SG&A	209,693	25.2%	138,785	21.4%	184,274	19.6%	51.1%	13.8%
Selling expenses	136,863	16.4%	78,299	12.1%	108,810	11.6%	74.8%	25.8%
Administrative expenses	72,830	8.7%	60,486	9.3%	75,464	8.0%	20.4%	-3.5%
EBIT	131,973	15.8%	88,189	13.6%	181,234	19.3%	49.6%	-27.2%
Share of profit(loss) from investment in association	(3,664)	-0.4%	(2,696)	-0.4%	(9,779)	-1.0%	35.9%	-62.5%
Finance costs	293	0.0%	44	0.0%	354	0.0%	564.8%	-17.4%
EBT	128,016	15.4%	85,449	13.2%	171,101	18.2%	49.8%	-25.2%
Income tax expense	26,698	3.2%	18,279	2.8%	37,352	4.0%	46.1%	-28.5%
Net profit(loss)	101,318	12.2%	67,170	10.4%	133,749	14.2%	50.8%	-24.2%
Net profit(loss) of Parent Company	102,184	12.3%	66,853	10.3%	135,711	14.5%	52.8%	-24.7%



Overall

In overall performance of Sappe Public Company Limited, consolidated revenues for Q3/2019 was Baht 833.5 million, 28.6% increasing from the same period of last year, mainly resulting from seasonality of peak season in the international market, 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, the base business, excluding B'lue and All Coco, was significantly reduced comparing to Q3/2018 due to better cost management, higher utilization rate and partially lower raw material and packing costs. Despite the pressure of THB appreciation against US dollar and higher %COGS to total revenue from B'lue business and consolidation of All Coco, the company still well managed %COGS by 6.0 pts lower YoY from 65.0% in Q3/2018 to 59.0% in this quarter. As a result, gross margin increased to 50.5% YoY.

%SG&A to total revenue increased due to consolidation of All Coco, marketing activities in international market and the investment of new product development. However, the company still delivered higher net profit in Q3/2019 at Baht 101.3 million, increasing by 50.8% YoY.

Revenue

The company reported its revenue from selling goods at Baht 815.2 million, 28.7% increasing from the same period of last year, reported at Baht 633.4 million.

Domestic sales revenue significantly increased in this quarter, mainly from new product, B'lue, launched since Q1/2019. The company was able to rapidly expand the coverage nationwide and received positive feedbacks from customers. In addition, All Coco has expanded to a new distribution channel, Out of Home channel, with an impressive growth rate comparing to the previous quarter.

For International market, the seasonality of this year was shifted from Q1-Q2/2018 to Q2-Q3/2019, resulting to significant increase in export sales comparing to Q3/2018. In addition, the company has been focusing on markets and channels expansion in selected potential countries to improve sales proportion and to diversify overall portfolio.

Cost of goods sold

%COGS to total revenue in Q3/2019 was low due to better cost management from lower production losses, PET resin usage optimization and higher utilization rate from peak season demand.

Despite the pressure of THB appreciation against US dollar and financial performance consolidation of B'lue and All Coco with higher %COGS, overall %COGS was still at a satisfactory level of 59.0%, reduced by 6 pts YoY (or by 8.1 pts excluding B'lue and All Coco Businesses)



Selling expenses

The company reported %selling expenses to total revenue at 16.4% this quarter, increasing by 4.3 pts YoY due to the consolidation of All Coco, marketing activities in international market to support peak season and investment of new product development in domestic market. However, the selling expense was still in line with the budget.

Administrative expenses

The company reported administrative expenses at Baht 72.8 million higher than Q3/2018, reported at THB 60.5 million from the consolidation of All Coco.

Share of profit (loss) from investment in association

The company reported total loss at Baht 3.7 million from investment in associates, Danone-Sappe Beverages Co., Ltd. This loss was from high spending to create brand awareness of B'lue product.

Net Profit (Loss)

The company reported net profit at Baht 101.3 million or 12.2% of total revenue, 50.8% growth YoY.

Please be informed accordingly.

Sincerely Yours,

(Ms.Piyajit Ruckariyapong)

Director and Chief Executive Officer