



No. FI201902-01

February 28th, 2019

Subject: Report on operating results for the year ended December 31st, 2018
and changes in the operating results of more than 20% from 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)

Table 1 : P&L statement as at 2018

Profit & Loss statement	2018	%	2017	%	YoY%
Total Revenue	2,885,884	100.0%	2,745,968	100.0%	5.1%
Revenue from selling goods	2,826,862	97.9%	2,687,319	97.9%	5.2%
Net gain from foreign exchange	7,481	0.3%	18,097	0.6%	-58.7%
Gain on disposal of investment					
Others income	51,541	1.8%	40,552	1.5%	27.1%
Cost of goods sold	1,799,820	62.4%	1,637,264	59.6%	2.7%
Gross profit	1,086,064	37.6%	1,108,704	40.4%	-2.0%
SG&A	648,968	22.5%	606,108	22.1%	0.4%
Selling expenses	383,488	13.3%	363,492	13.3%	5.5%
Administrative expenses	265,480	9.2%	242,616	8.8%	9.4%
EBIT	437,096	15.1%	502,596	18.3%	-13.0%
Share of profit(loss) from investment in association	82	0.0%	1,130	0.0%	-92.7%
Finance costs	184	0.0%	179	0.0%	2.8%
EBT	436,994	15.1%	503,547	18.3%	-13.2%
Income tax expense	85,627	3.0%	103,032	3.8%	-16.9%
Net profit(loss)	351,367	12.2%	400,515	14.6%	-12.3%
Net profit(loss) of Parent Company	351,551	12.2%	401,144	14.6%	-12.4%



Overall

For overall performance of Sappe Public Company Limited, consolidated revenues for 2018 was Baht 2,885.9 million, +5.1% increasing from previous year, mainly resulting from expansion of international business to new countries and growing demand in existing countries. %COGS to total revenue increased by 2.7% . For %SG&A to total revenue, it was at 22.5%, the same level as last year. As a result, the net profit in 2018 was at Baht 351.4 million, declining from previous year at Baht 400.5 million.

Table 2 : Performance Comparison given that USD/THB was unchanged from Y2017

	2018	%	2017	%	YoY%	FX Adjusted	2018	%	2017	%	YoY%
							After adjusted		After adjusted		
Total Revenue	2,885,884	100.0%	2,745,968	100.0%	5.1%	68,243	2,954,127	100.0%	2,745,968	100.0%	7.6%
Cost of goods sold	1,799,820	62.4%	1,637,264	59.6%	2.7%		1,799,820	60.9%	1,637,264	59.6%	1.3%
Net profit(loss)	351,367	12.2%	400,515	14.6%	-12.3%		406,255	13.8%	400,515	14.6%	1.4%

However, when eliminating foreign exchange effect by using the same exchange rate as average rate in 2017, the revenue from selling goods in 2018 increased by Baht 68.2 million to Baht 2,954.1 million in total, 7.6% increasing previous year. The %COGS to total revenue improved to 60.9% but slightly higher than 2017 at 59.6%, which partially resulted from an increase in PET resin's price. With this scenario, net profit margin would be at 13.8% comparing to the same period of the previous year at 14.6%.

Revenue

The company reported its revenue from selling goods at Baht 2,826.9 million, 5.2% (or 7.6% with FX impact elimination) increasing from the previous year at Baht 2687.3 million. By penetrating to main channels and acquiring new consumer groups, the international business sales continued to grow in many countries. Furthermore, the company has selected high potential countries to focus to diversify risk in the upcoming year.

Domestic sales slightly decreased due to shrinkage of overall beverage market. However, the successful launch of new category in Q2, healthier snack (under brand Beauti Jelly), and the launch of Beauti Drink Acna and new functional Preaw coffee, Preaw Mocha & Preaw Chafe, in Q4 helped compensate this decrease.

The launch of Beauti Jelly has gained significant positive feedbacks from consumers, enabling the company to maintain top-line position amidst the shrinking market while the launch of Beuti Drink Acna was to strengthen core brand awareness of SAPPE's Beauti Drink.



Cost of goods sold

%COGS to total revenue in 2018 was at 62.4%, comparing to 59.6% from the previous year. This increase was mainly from 2 major factors. Firstly, the impact of foreign exchange rate, affecting %COGS by 1.5% higher. Secondly, costs of raw materials & packaging materials such as PET resin rose significantly since Q2/2018, which increased %COGS by 1.1%. Moreover, the company invested in new machine to support new demand from partnership with Danone.

However the cost reduction schemes to focus on higher efficiency and lower expenses have been continuously implemented across the facilities since the beginning of Q4/2018.

Selling expenses

The company reported % selling expenses to total revenue at 13.3% this quarter, the same level as previous year due to an efficient budget management.

Administrative expenses

The company reported administrative expenses at Baht 265.5 million.

Share of profit (loss) from investment in association

The company reported loss at Baht 82,195 from investment in an associate, All Coco Group .

Net Profit (Loss)

The company reported net profit at Baht 351.4 million or 12.2% of total revenue, lower than the same period of the previous year at Baht 400.5 million or 14.6% of total revenue.

Please be informed accordingly.

Best Regards,

(Ms.Piyajit Ruckariyapong)

Director and Chief Executive Officer