

Ref. POL. 029/2019

February 27, 2019

Re: Clarification of the Performance of S & P Syndicate Public Company Limited

Dear The President  
The Stock Exchange of Thailand

S & P Syndicate Public Company Limited (the “Company”) and its subsidiaries hereby submit the Annual Financial Statements, ending December 31, 2018 and 2017, together with the clarification of the performance of the Company and its subsidiaries as follows:

**Summary of S&P Syndicate PCL operating performance Ending 31 December 2018**

**Revenue from Sales and Services**

In 2018, the Company and its subsidiaries generated revenues of THB 7,608 million from the sales and services, which is decreased from the previous year in the amount of THB 177 million or equivalent to a decrease of 2.3 percent as a result of disposal of all share which held in Patara Fine Thai Cuisine Pte. Ltd (Patara) and SK Catering Pte. Ltd (SKC) Singapore total 11 Thai restaurants in the 4<sup>th</sup> quarter of 2018 and because of the transfer of 4 Thai restaurants in the UK in 4<sup>th</sup> quarter of 2017.

In consideration with the total 526 branches of restaurant and bakery shop in both domestic and international business that company currently operate, the growth of the same store sales of the domestic from 486 restaurants and bakery shop under brand “S&P” decreased by 0.6 percent while the total sales increased by 0.9 percent. And the same store sales of restaurants in Cambodia, China, UK and Switzerland declined by 11.7 percent due to a higher competition in a restaurant business and a continuous economic slowdown in China and UK countries.

In 2018, the Company generated revenues from the food and bakery wholesales in the amount of THB 773 Million which increased by 11 Million or equivalent to 1.5 percent from 2017 mainly contribution from OEM products.

Revenues Classified by Distribution Channels	12 Months 2018	12 Months 2017	Variation THB	%
Domestic Restaurant and Bakery Business	6,184	6,098	86	1.4
Food and Bakery Wholesales Business	773	762	11	1.5
Overseas Restaurant Business	620	873	(253)	(29.0)
Others	31	52	(21)	(40.2)
Total	7,608	7,786	(177)	(2.3)

#### **Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)**

In 2018, the Company has earnings before interest payable, tax, and depreciation (EBITDA) pursuant to the Financial Statements in the amount of THB 827 million, which decreased by 16.9 percent comparing to last year due to the company acknowledged the one-time profits in the amount of THB 108 million from the transfer of 4 Thai restaurants in the UK and other relevant properties to Patara Fine Thai Cuisine Limited (PFTC).

In considering of the EBITDA profit from the operation in 2018 compared to 2017, the company slightly decreased its EBITDA profit from previous year at 11.1 percent to 10.7 percent this year due to sales decrease in the UK, Switzerland and China restaurants

In 2018, the Company and its subsidiaries' costs of sales and services rose to THB 4,274 million, equivalent to 56.2 percent of the revenues from sales and services or increased by 0.4 percent from last year because of the price of main raw materials used in production were increased and an impact from the minimum wage increased which was effective from 1 April 2018 onwards.

The selling and administration expenses consists of employee benefits, rental, depreciation and marketing expenses were THB 2,925 million decreased by THB 163 million or 5.0 percent from last year as a result of the transfer of 4 Thai restaurants in the UK in 4<sup>th</sup> quarter 2017 and disposal of all share which held in Patara Fine Thai Cuisine Pte. Ltd (Patara) and SK Catering Pte. Ltd (SKC) Singapore total 11 Thai in the 4<sup>th</sup> quarter of 2018 as aforesaid mentioned.

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	12 Months 2018	12 Months 2017	Variation THB	%
EBITDA pursuant to the Financial Statements	827	995	(168)	(16.9)
EBITDA Profit Margin per Total Revenues (percentage)	10.7	12.5	-	(1.7)
EBITDA pursuant to the Operation	827	887	(60)	(6.8)
EBITDA Profit Margin per Total Revenues (percentage)	10.7	11.1	-	(0.4)

#### **Net Profit**

In 2018, the Company and its subsidiaries earn the net profit pursuant to the financial statements in the amount of THB 400 million, which is decreased from the previous year by THB 84 million, equivalent to 17.3 percent which resulted from the company acknowledged the one-time profits from the transfer of Thai restaurants in the UK and other relevant properties to Patara Fine Thai Cuisine Limited (PFTC) as aforesaid mentioned.

In considering of the Net profit from the operation in 2018 compared to 2017, the company has increased its Net profit from THB 376 million previous year to THB 400 million, increased by 6.5 percent from last year which resulted from establishing “ S&P Training Co.,Ltd” and profit sharing from other subsidiaries. The Company's net profit margin to total revenue increased from 4.7 percent last year to 5.2 percent this year.

Net Profit	12 Months 2018	12 Months 2017	Variation THB	%
Net Profit pursuant to the Financial Statements	400	484	(84)	(17.4)
Net Profit Margin to Total Revenues (percentage)	5.2	6.1	-	(0.9)
Net Profit pursuant to the Operation	400	376	23.7	6.5
Net Profit Margin per Total Revenues (percentage)	5.2	4.7	-	0.5

#### Statements of Financial Position and Statements of Cash Flows

At the end of 2018, the Company and its subsidiaries have the total assets in the amount of THB 4,040 million, which increased from the previous year by THB 69 million from decreasing of current assets THB 6 million, while the non-current assets were increased THB 74 million, which were mainly caused by:

1. Cash and cash equivalents was decreased by 13 million.
2. Temporary investment was increased by 29 million from trading securities.
3. Trade and other current receivables were decreased by 19 million due to improved debt collection process.
4. Property, plant, and equipment was increased by 87 million mainly from land property acquisition.
5. Leasehold was decreased by 26 million mainly from disposal of leasehold in the UK restaurants

Total liabilities in 2018 was THB 1,450 million, increased by 105 MB compared to the end of the prior year. As a result of current liabilities decreased THB 12 million while and non-current liabilities increased amount of THB 117 mainly came from

1. Decrease of Trade and Other Current Payable THB 30 million
2. Increase of Long-term borrowings from financial institutions THB 141 million

The shareholders' equity of the company has decreased in the amount of THB 36 million from THB 2,625 million to THB 2,589 million, which mainly resulted from the dividend payment in the amount of THB 417 million

The Company and its subsidiaries have the cash flow from operating activities in the amount of THB 795 million, which increased by THB 13 million from the previous year resulting from decrease of corporate tax payment amount of THB 25 million

The Company and its subsidiaries have the net cash used in investing activities in the amount of THB 535 million as a result cash paid for purchasing fixed assets, intangible assets, and leasehold rights in the amount of THB 501 million.

The Company and its subsidiaries have the net cash used in financing activities in the amount of THB 255 million, which mainly from cash received from long-term borrowings from a financial institution amount of THB 161 million and dividend payment amount of THB 417 million.

### Financial Ratio Analysis

Financial Rate	12 months In 2018	12 months In 2017
Gross Profit Rate (Percentage)	43.8	45.3
Net Profit Rate (Percentage)	5.2	6.1
Return on Equity (Percentage)*	15.4	19.2
Return on Assets (Percentage)*	10.0	12.6
Current Ratio (Time)	1.6	1.6
Liabilities versus Shareholders' Equity (Time)	0.6	0.5

\*Full year comparison

In 2018 the company has the gross profits decreased from 45.3 percent in 2017 to 43.8 percent mainly due to the increasing of cost of raw material that used for production and the higher of direct labour cost. The net profit rate from financial statement was decreased from 6.1 percent in 2017 to 5.2 percent in 2018 due to the one time profit recognized in 4<sup>th</sup> quarter 2017 together with of the declining of oversea restaurants and the Food and Bakery Wholesales Business.

The return on equity for full year comparison decreased from 19.2 percent in 2017 to 15.4 percent in 2018 as well as the return on assets decreased from 12.6 percent in 2017 to 10.0 percent in 2018.

The current ratio in 2018 was as the same rate as last year at 1.6 times. The liabilities versus the shareholders' equity increased from 0.5 times in 2017 to 0.6 times in 2018. This mainly resulted from long term loan from financial institution.

Please be informed and the Financial Statements is attached herewith for your acknowledgement and disseminating information to the investors accordingly.

Your Sincerely,

( Vitoon Sila-On)

Chief Executive Officer

S & P Syndicate Public Company Limited