

Ref. POL. 103/2017

August 15, 2017

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 Financial Statements for the 3 months period and 6 months period, ending June 30, 2017 and 2016, together with the clarification of the performance of the Company and its subsidiaries as follows:

**Performance in the Quarter Ending June 30, 2017 (Quarter 2)**

**Revenue from Sales and Services**

The Company and its subsidiaries generated revenues of THB 1,801.0 million from the sales and services, which is decreased from the same quarter of the previous year in the amount of THB 36.4 million or equivalent to an decrease of 2.0 percent, because the growth of the same store sales of the domestic restaurants and bakery shops are decreased by 4.4 percent as a result of an domestic economic slowdown and the growth of the same store sales of the overseas restaurants are decreased by 6.4 percent respectively caused by a higher competition in a restaurant business and a economic slowdown in Singapore.

In the Quarter 2 of 2017, the Company earnings from the food and bakery sold in wholesales channels are decreased by THB 22.1 million or 12.1 percent due to decreased sales in the supermarkets and retail malls.

Revenues Classified by Distribution Channels	Quarter 2 of 2017	Quarter 2 of 2016	Variation THB	%
Domestic Restaurant and Bakery Business	1,408.7	1,403.2	5.5	0.4
Food and Bakery Wholesales Business	160.0	182.1	(22.1)	(12.1)
Overseas Restaurant Business	223.2	242.6	(19.5)	(8.0)
Others	9.1	9.5	(0.4)	(3.8)
Total	1,801.0	1,837.4	(36.4)	(2.0)

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

In the Quarter 2 of 2017, the Company has earnings before interest payable, tax, and depreciation (EBITDA) pursuant to the Financial Statements in the amount of THB 183.2 million, which is decreased by 34.9 percent because in the same quarter of 2016, the Company recorded the one-time profits generated from the sales of the investment funds in HD Distributor (Thailand) Co., Ltd. in the amount of THB 84.5 million.

In consideration of the profits from the performance in the Quarter 2 of 2017 comparing to the Quarter 2 of 2016, the Company's EBITDA is slightly decreased from 10.7 percent to 10.2 percent due to an increase of the selling and administration expenses from the same quarter of the previous year by THB 28.1 million (equal to 3.9 percent). A main reason is to the increase of the staff cost resulting from the increase of minimum wages and the employment due to the branch expansion, as well as the increase of the rents of the existing branches and new branches.

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	Quarter 2 of 2017	Quarter 2 of 2016	Variation THB	%
EBITDA Pursuant to the Financial Statements	183.2	281.4	(98.2)	(34.9)
EBITDA Profit Margin (percentage)	10.2	15.3		(5.1)
EBITDA from Normal Operations	183.2	196.9	(13.7)	(7.0)
EBITDA Profit Margin (percentage)	10.2	10.7		(0.6)

### Net Profit

In the Quarter 2 of 2017, the Company and its subsidiaries earn the net profit in the amount of THB 74.5 million, which is decreased from the same quarter of the previous year by THB 61.9 million equivalent to 45.4 percent because the one-time profit acknowledgement as a result of the sales of the investment funds in HD Distributor (Thailand) Co., Ltd. as mentioned above.

If considered the net profit from the performance of the Quarter 2 of 2017, finding that the net profit is increased from the Quarter 2 of the previous year by THB 1.0 million or increased equivalent to 1.4 percent, which resulted in an increase of the profit margin from 4.0 percent to 4.1 percent.

Net Profit	Quarter 2 of 2017	Quarter 2 of 2016	Variation THB	%
Net Profit Pursuant to the Financial Statement	74.5	136.5	(61.9)	(45.4)
Profit Margin Pursuant to the Financial Statement (percentage)	4.1	7.4		(3.3)
Net Profit from Normal Operations	74.5	73.5	1.0	1.4
Profit Margin from the performance (percentage)	4.1	4.0		0.1

### Performance for the 6 months period ending on June 30, 2017

#### Revenues from the Selling and Services

In the first half year of 2017, the Company and its subsidiaries earned the revenues from the selling and services in the amount of THB 3,631.5 million, which is increased from the same period of the previous year by THB 13.0 million or equivalent to 0.4 percent. The sales of the domestic restaurant and bakery business are increased by 2 percent due to an expansion of the restaurants and bakery shops under the brand "S&P". However, the growth of the domestic retail channels

is slightly decreased comparing to the same quarter of the previous year. The ratio of the revenues from the domestic selling and services and the overseas selling and services in the half year of 2017 are equal to 87.6 percent and 12.4 percent respectively.

Revenues Classified by Distribution Channels	First Half Year of 2017	First Half Year of 2016	Variation THB	%
Domestic Restaurant and Bakery Business	2,847.0	2,791.3	55.7	2.0
Food and Bakery Wholesale Business	320.8	333.3	(12.5)	(3.7)
Overseas Restaurant Business	443.6	473.4	(29.8)	(6.3)
Other	20.1	20.6	(0.5)	(2.4)
Total	3,631.5	3,618.5	13.0	0.4

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

In the first half year of 2017, the Company's earnings before interest, tax, depreciation and amortization (EBITDA) pursuant to the Financial Statements is in the amount of THB 396.6 million, which is decreased by 19.3 percent because in the same quarter of 2016, the Company recorded the one-time profit generated from the sales of the investment funds in HD Distributor (Thailand) Co., Ltd. in the amount to THB 84.5 million.

If considered the profit margin from the performance of the first half year of 2017 comparing to the first half year of 2016, the Company earned the decreased EBITDA profit margin from 11.2 percent to 10.9 percent because an increase of the selling and administration expenses from the same period of the last year.

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	First Half Year of 2017	First Half Year of 2016	Variation THB	%
EBITDA Pursuant to the Financial Statements	396.6	491.2	(94.6)	(19.3)
EBITDA Profit Margin (percentage)	10.9	13.6	-	(2.7)
EBITDA from Normal Operations	396.6	406.6	(10.1)	(2.5)
EBITDA Profit Margin (percentage)	10.9	11.2	-	(0.3)

#### Net Profit

In the first half year of 2017, the Company and its subsidiaries earned the net profit pursuant to the Consolidated Financial Statements in the amount of THB 161.8 million, which is decreased from the same period of the previous year in the amount of THB 62.7 million or equivalent to 27.9 percent because the one-time profit acknowledgement as a result of the sales of the investment funds in HD Distributor (Thailand) Co., Ltd. as mentioned above.

If considered the net profit from the performance of the first half year of 2017, finding that the net profit is slightly increased from the same period of the previous year which resulted that the profit margin is equal to the previous year of 4.5 percent.

<b>Net Profit</b>	First Half Year of 2017	First Half Year of 2016	Variation THB	%
Net Profit Pursuant to the Financial Statement	161.8	224.6	(62.7)	(27.9)
Profit Margin Pursuant to the Financial Statement (percentage)	4.5	6.2		(1.7)
Net Profit from Normal Operations	161.8	161.6	0.2	0.2
Profit Margin from the performance (percentage)	4.5	4.5		(0.0)

#### **Balance Sheets and Statement of Cash Flows**

As of the end of the Quarter 2 of 2017, the total assets of the Company and its subsidiaries are THB 3,364.5 million. This is caused by a decreased of the current assets in the amount of THB 361.6 million from the total assets as of the end of 2016 equal to THB 3,713.7 million. While the long-term assets are still in the same range as at the end of the last year, which is mainly resulted from:

1. A decreased of cash and cash equivalents in the amount of THB 56.5 million partially used to pay the trade creditors and other creditors
2. A decreased of the investment in the trading securities in a debt fund in the amount of THB 200 million
3. A decreased of the trade debtors and other debtors in the amount of THB 96.0 million, which is mostly a decrease of the trade debtors of other companies reflecting a better debt collection efficiency.

The Company's total debt is THB 1,128.3 million as of the end of the Quarter 2 of 2017, which is decreased by THB 164.66 million from the total debts as of the end of 2016 amounting to THB 1,293.1 million, which is mostly caused by the payment to the trade creditors and other creditors.

The Company's shareholder equity is decreased in the amount of THB 184.5 million from THB 2,420.6 million to THB 2,236.1 million, which is mostly caused by the dividend payment in the amount of THB 343.3 million paid on May 11, 2017.

The cash flows' Company and its subsidiaries from the performance is THB 281.6 million, which increase by THB 14.7 million from the previous year, because an increase of the earnings before tax from the operating in the amount of THB 30.3 million (excluding the one-time profit)

The Company and its subsidiaries have cash flows from the investment is the amount of THB 6.0 million, which is caused by the cash receipt-payment from the sales of the temporary investment in the amount of THB 200.8 million and the cash for the purchase of the permanent assets, intangible assets and right to lease in the amount of THB 179.9 million

The Company has the net cash to be paid generated from the fund raisings in the amount of THB 347.2 million, which is mostly caused by (1) cash received from the long term loan from the financial institutions in the amount of THB 4.9 million (2) cash repaid for the short-term loan from the financial institution in the amount of THB 7.8 million (3) dividend payment in the amount of THB 343 million.

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

Your Sincerely,

(Kamtorn Sila-On)

President – Production and Finance  
S & P Syndicate Public Company Limited