

Ref. POL. 059/2018

May 08, 2018

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 March 31, 2018 and 2017, together with the clarification of the performance of the Company and its subsidiaries as follows:

Performance Ending March 31, 2018

Revenue from Sales and Services

In 3M18, the Company and its subsidiaries generated revenues of THB 1,805 million from the sales and services, which is decreased from the same period of the previous year in the amount of THB 26 million or equivalent to an decrease of 1.4 percent from 520 restaurants and bakery shops in both domestic and international businesses. The same store sales of the domestic restaurants under brand "S&P" decreased by 0.8 percent while the same store sales of the S&P bakery shop decreased at the rate of 1.1 percent even though the overall economic condition has continued improving from preceding year according to rapid export growth and continued robust growth in tourism. However, private consumption remains reliant on the purchasing power of certain groups such as high income earners, the majority of consumers are still hindered by high household debt while agricultural household incomes still remain low.

At the end of 3M18, the same store sales of restaurants in Cambodia increased by 4.1 percent while the same store sales in Singapore and the UK declined by 14.9 percent due to a higher competition in a restaurant business and a continuous economic slowdown in both countries.

In 1Q18, the Company generated revenues from the food and bakery wholesales in the amount of THB 145 Million which decreased by 16 Million or equivalent to 9.9 percent from 1Q17 because the sales from the frozen foods, sausages, in the supermarkets and retail malls declined.

The ratio of the revenues from the domestic sales and services to the international sales and services in 2017 is 81.0 percent to 9.6 percent respectively.

Revenues Classified by Distribution Channels	3 Months in 2018	3 Months in 2017	Variation THB	%
Domestic Restaurant and Bakery Business	1,462	1,438	24	1.7
Food and Bakery Wholesales Business	161	162	(1)	(0.6)
Overseas Restaurant Business	173	220	(47)	(21.4)
Others	9	11	(2)	(18.2)
Total	1,805	1,831	(26)	(1.4)

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

In 1Q18, the Company has earnings before interest payable, tax, and depreciation (EBITDA) pursuant to the Financial Statements in the amount of THB 186 million, which decreased by 12.7 percent as a result of sales decrease in Singapore and the UK along with increased losses from China, Singapore and the UK businesses. Although, the Company incurred the increased selling and administration expenses a main reason was the increase of the rents of the existing branches and new branches. EBITDA profits from the performance in 1Q18 compare to in 1Q17, the Company EBITDA slightly decreased from 11.5 percent to 10.1 percent.

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	3 Months in 2018	3 Months in 2017	Variation THB	%
EBITDA pursuant to the Financial Statements	186	213	(27)	(12.7)
EBITDA Profit Margin per Total Revenues (percentage)	10.1	11.5	(1.4)	(12.1)

Net Profit

At the end of 1Q18, the Company and its subsidiaries earn the net profit in the amount of THB 82 million, which is decreased from the same period of the previous year by THB 6 million, equivalent to 6.3 percent, which resulted from sales decreased in Thai restaurants overseas and the Company incurred the increased selling and administration expenses as aforesaid mentioned. In consideration of the net profit from operations in 1Q18, the Company's net profit margin to total revenue was 4.5% which is slightly decreased from last year.

Net Profit	3 Months in 2018	3 Months in 2017	Variation THB	%
Net Profit pursuant to the Financial Statements	82	87	(5.5)	(6.3)
Net Profit Margin to Total Revenues (percentage)	4.5	4.7	(0.2)	(0.5)

Statements of Financial Position and Statements of Cash Flows

At the end of 1Q18, the Company and its subsidiaries have the total assets in the amount of THB 4,078 million, which increased from the same period of the previous year by THB 108 million from noncurrent assets THB 139 million, while the current assets were slightly decreased THB 31 million, which were mainly caused by:

1. Cash and cash equivalents was decreased by 114 million from temporary investment.
2. Temporary investment was increased by 162 million from trading securities.

3. Trade and other current payables were declined by 56 million due to improved debt collection process.
4. Property, plant, and equipment was increased by 150 million mainly from land property acquisition.

Total liabilities in 1Q18 was 1,379 million, increased by 33 MB compared to the end of the prior year. The decline was from current liabilities of payables 174 million while and non-current liabilities increased amount of 165 million increase long-term borrowings from a financial institution.

The shareholders' equity of the company has increased in the amount of THB 74 million from THB 2,625 million to THB 2,698 million, which mainly resulted from the net profit in 3M18 in the amount of THB 82 million

The Company and its subsidiaries have the cash flow from operating activities in the amount of THB 126 million, which increased by THB 29 million from the previous year resulting from (1) the decrease of the account receivable and other receivables in the amount of THB 10 million (2) the decrease of inventory in the amount THB 11 million (3) the increase of account payable and other payables in the amount of THB 68 million

The Company and its subsidiaries have the net cash used in investing activities in the amount of THB 433 million as a result of cash paid to the current investment THB 211 million and cash paid for purchasing fixed assets, intangible assets, and leasehold rights in the amount of THB 270 million.

The Company has the net cash received in financing activities in the amount of THB 194 million, which mainly from cash received from long-term borrowings from a financial institution.

Financial Ratio Analysis

Financial Rate	31-Mar-18	31-Mar-17
Gross Profit Rate (Percentage)	45.0	45.3
Net Profit Rate (Percentage)	4.5	4.8
Return on Equity (Percentage)*	18.4	17.1
Return on Assets (Percentage)*	12.4	12.0
Current Ratio (Time)	1.8	1.6
Liabilities vs. Shareholders' Equity (Time)	0.5	0.4

*Full year comparison

In 3M18 the company has the gross profits decreased from 45.3 percent in 3M17 to 45.0 percent mainly due to the increasing of cost of raw material that used for production. The net profit rate was slightly decreased from 4.8 percent in 1Q17 to 4.5 percent in 1Q18 due to the performance of operation from the oversea restaurants and the increase of selling general and administrative expenses (SG&A) from bakery shop and restaurant in domestic.

The return on equity increased from 17.1 percent in 3M17 to 18.4 percent in 3M18 as well as the return on assets increased from 12.0 percent in 3M17 to 12.4 percent in 3M18.

The current ratio increased from 1.6 times in 3M17 to 1.8 times in 3M18. This mainly resulted from the increase of the temporary investment and fixed asset (property, plant and equipment), The liabilities vs. the shareholders' equity increased from 0.4 times in 3M17 to 0.5 times in 3M18. 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,

(Kamtorn Sila-On)

President Production and Finance
S & P Syndicate Public Company Limited