

Ref. SorNor. 040/2018

November 20, 2018

Subject: Clarification of Operating Results and Financial Status for the year 2018,
ended September 30, 2018

Attention: President
The Stock Exchange of Thailand

Oishi Group Public Company Limited and subsidiaries clarify consolidated operating results and consolidated financial statements for the year 2018 ended September 30, 2018 as follows,

Oishi Group Financial Performance for the year 2018

Sales

Overview

For the fiscal year 2018, revenue from sales and services of the Company was Baht 12,596 million, decreased by 7.0% or Baht 955 million, from Baht 13,551 million of the fiscal year 2017. This was due to a decrease in Beverage business revenue by 15.1% while Food business revenue increased by 1.7%.

Beverage business

The beverage sales for the fiscal year 2018 was Baht 5,986 million, decreased by 15.1% or Baht 1,068 million from the fiscal year 2017, mainly from declining in green tea markets. Moreover, there was a high base in Q4'2017 since the market reacted to an announcement of the new excise tax imposed to RTD Tea before the regulation became effective in mid Sep'17. Although the challenging in industry situation, the company still maintained the market leader position and partly from the fire incident at UHT production line, which was fully covered by insurance for properties damaged and business interruption. The export sales continued to grow significantly, which helped overall beverages sales.

Food business

The food sales in the fiscal year 2018 was Baht 6,610 million, increased slightly by 1.7% or Baht 113 million from the fiscal year 2017. Although overall Thailand economic was still stagnant, the company performed better than market by new restaurant outlets expansion.

Cost of Sales

Overview

Total cost of sales of the company for the fiscal year 2018 was Baht 8,110 million, decreased Baht 277 million or 3.3% from the fiscal year 2017 which is explained as follows,

Beverage business

Beverages cost of sales in the fiscal year 2018 was Baht 4,443 million, decreased Baht 381 million or 7.9% from the fiscal year 2017, mainly from cost reduction of raw material and packaging, partly offset by excise tax and some higher fixed cost per unit from lower production according to green tea market.

Food business

Food cost of sales in the fiscal year 2018 was Baht 3,667 million, slightly increased Baht 103 million or 2.9% from the fiscal year 2017, mainly aligning to sales growth.

Selling Expenses

Total selling expense in the fiscal year 2018 was Baht 1,591 million, decreased by 3.6% or Baht 59 million from the fiscal year 2017, which was Baht 1,650 million due to the company's good controlling over selling expense.

Administrative Expenses

Total administrative expense in the fiscal year 2018 was Baht 1,998 million, decreased by 4.6% or Baht 97 million, from Baht 2,095 million in the fiscal year 2017, mainly from increased efficiency to control expenses.

Fire incident impact

In the fiscal year 2018, apart from normal administrative expense, the company also incurred loss from the fire incident as expense amounted Baht 710 million. On the other hand, insurance claimed revenue was recognized from both properties damaged and business interruption in other revenue amounted Baht 868 million.

Non-recurring items

In the fiscal year 2018, the Company utilized deferred tax asset amount Baht 51 million due to restructured Food Business of Central Kitchen for increasing efficiency in operation's management.

Net Profit (Loss)

Net profit excluded non-recurring items (Normalized profit) in the fiscal year 2018 was Baht 1,059 million, decreased by Baht 384 million or 26.6% from the fiscal year 2017. mainly from decreased of beverages sales as aforementioned, partly offset by growth of food business profitability and cost reduction of selling and administrative expense due to increased efficiency control.

Net profit in the fiscal year 2018 was Baht 1,008 million, decreased by Baht 435 million or 30.1% from the fiscal year 2017, mainly from the aforementioned in above include one-time from deferred tax asset utilization.

Financial Status

Assets

Total assets as at the end of September 2018 was Baht 9,680 million, about flat from Baht 9,707 million at the end of September 2017. Current assets increased by Baht 755 million, mainly due to other current assets from recognition of other receivables from insurance claim of assets loss due to fire incident, netted with a decrease in non-current assets by Baht 781 million, mainly due to damage of property, plant and equipment from fire incident. The company expected to resume operation from new replacement machines within the fiscal year 2019.

Liabilities

Total liabilities as at the end of September 2018 was Baht 3,690 million, comprised of interest bearing debts which are debentures amounted Baht 1,701 million, and non-interest-bearing debts of Baht 1,989 million. Total liabilities decreased by Baht 426 million or 10.4% from the end of September 2017, mainly due to the partial repurchase of the debentures before its maturity amounted Baht 299 million for the purpose of efficient cash flow and liquidity management. For the remaining debentures of Baht 701 million and Baht 1,000 million are scheduled to be matured in the first and fourth quarters of the fiscal year 2019 respectively.

Shareholders' Equity

Total equity as at the end of September 2018 was Baht 5,990 million, increased by Baht 400 million or 7.2% from end of September 2017, due to increase in retained earnings as a result of net profit for the period, netted with dividend payment.

Sincerely yours,

-Signature-

(Mrs. Nongnuch Buranasetkul)
President & CEO