

August 13th, 2020

The President

The Stock Exchange of Thailand

Re: Management Discussion and Analysis on 2Q20 and 1H20 performance

1. Financial performance of Berli Jucker Public Company Limited for 2Q20 and 1H20

COVID-19 pandemic

The impact of the COVID-19 pandemic continued exacting its toll on everyday life of Thai consumers and weighting down business performance in all of our supply chains during the second quarter of the year. The Company has continued to fully supporting the government's measures to fight the spread of the virus and operated in compliance with them. The full impact from these measures, including closure of non-food sales areas, closure of certain shopping mall tenant types, alcohol sales ban, etc. was felt in April, with gradual recovery starting in May as the control measures started to be gradually eased and lifted. The Company has continued closely monitoring the evolving situation and has adjusted its strategies, operational plan, and the expense management in its various business groups to suit the situation and to reduce business risk. In addition, the Company attaches grave importance to the safety and health of its customers, business partners and employees, and has taken various measures to address the issues and to build trust among employees, business partners, customers and all other relevant parties, such as specifying cleanliness measures, setting body temperature screening points, installing hand sanitizing gel dispensers, and regularly cleaning various touch points at the offices and stores. In addition to the above measures and strategies, the Company has focused on its efforts to achieve a leaner organization through strong focus on operational and capital expenditures via corporate restructuring and adjusting its investment plans to suit the current situation. The Company has also improved its working capital management and closely managed its liquidity to ensure that the Company has sufficient liquidity to ensure good financial status and repayment ability.

Regarding the impact of the situation to the operations of the Company's different supply chains during the second quarter of the year:

Packaging Supply Chain: After the positive impact from customer stocking up behavior during the first quarter of the year, the Company saw slowdown during the second quarter due to the various COVID-19 related measures such as alcohol sales ban impacted alcoholic beverage packaging sales. As these controls were gradually lifted, the Company started seeing the sales returning back to relatively normal levels in June.

Consumer Supply Chain: In our Foods Group the negative impact to snack sales continued into second quarter of the year due to the closure of schools and general slowdown of customers' purchasing power directing their spending more toward necessity products. At the Non-Food Group the benefits from the stock up shopping we saw during the first quarter slowed down since early April, negatively impacting particularly tissue products segment. However the personal care business segment still continued its strong performance due to maintained high demand for cleaning products, rubbing alcohol and hand sanitizing gel. The Company's business in Vietnam continued delivering a topline growth, albeit at slightly slower pace after benefits received from customers stock up shopping behavior lessened.

Healthcare and Technical Supply Chain: The situation at the Healthcare and Technical supply chain continued relatively similar from the first quarter, with a mixture of positive and negative impacts, as whilst our healthcare supply chain continued seeing benefits from the COVID-19 related sales, there was a drop in demand in some types of medicine such as antibiotics, as social distancing and increase personal hygiene has lowered certain common illnesses, they are used to treat. At

the Technical Supply chain, the negative effects continued as our clients have been negatively impacted by the COVID-19 situation.

Modern Retail Supply Chain: Retail and rental operations continued to be negatively affected by the economic conditions leading to slowing consumer spending, and by the impact from the measures taken under the Emergency Decree which required certain retail areas to be closed and service hours limited. As a consumer staple retailer the Company has been able to keep all of its branches open, but it has had to close non-food areas, impacting mainly hypermarket stores, and adjust its operating hours. Also many of its tenants had to close to comply with the government and local authorities announcements adversely impacting to the Company's rental income during the quarter as it waived the rents and provided discounts during the closure period. On another hand, the new sales channels the Company has introduced, such as sales through Call for Shop, Line for Shop services, and through Facebook Live and Line Live, continued performing well during the quarter. Although the negative impact from the absence of tourists continues impacting stores located at the tourist areas, the overall situation started to improve in mid-May when non-food sales areas and majority of our tenants were allowed to reopen, and night-time curfew time was shortened and completely lifted in mid-June.

Revenues

BJC's consolidated total revenue for 2Q20 reached THB 38,604 million, representing a decrease of THB 5,875 million or -13.2% over the same period last year. This decrease was mainly driven by the consolidated sales and service revenue declining to THB 36,119 million, a decrease of THB 4,316 million or -10.7% over the same period last year, driven by decreasing sales at Packaging, Healthcare and Technical, and Modern Retail Supply Chain. Whilst the consolidated other income reached THB 2,485 million, a decrease of THB 1,558 million or -38.6% over the same period last year, mainly driven by declining other income at Modern Retail Supply Chain due to the rental discounts and waivers the Company offered to its shopping mall tenants during the quarter.

BJC's consolidated total revenue for 1H20 reached THB 80,871 million, representing a decrease of THB 5,926 million or -6.8% over the same period last year, mainly driven by decreasing sales at the Packaging, Healthcare and Technical, and Modern Retail Supply Chains, and lower other income at Modern Retail Supply Chain.

Expenses

BJC's consolidated total expenses for 2Q20 amounted to THB 37,917 million, a decrease of THB 4,573 million or -10.8% over the same period last year. This decrease was mainly due to (1) decreased cost of goods sold expenses due to lower sales, (2) decreased SG&A expenses mainly due to strong cost control focus and lean organization initiatives, and (3) absence of the one-time non-cash impact from the expenses relating to amendment of the post-employment benefit plans of 306 million baht recorded in 2Q19.

BJC's consolidated total expenses for 1H20 amounted to THB 78,431 million, a decrease of THB 4,453 million or -5.4% over the same period last year mainly due to (1) decreased cost of goods sold expenses due to lower sales, (2) decreased SG&A expenses mainly due to strong cost control focus and lean organization initiatives, and (3) absence of the one-time non-cash impact from the expenses relating to amendment of the post-employment benefit plans of 306 million baht recorded in 2Q19.

Earnings before Interest and Tax

BJC's earnings before interest and tax for 2Q20 amounted to THB 1,876 million, a decrease of THB 1,248 million or -40.0% over the same period last year. This decrease was due to the abovementioned reasons. If we remove the one-time expense relating to the employee severance pay due to corporate restructuring amounting to THB 449 million, booked in 2Q20, and the non-cash impact from the expenses relating to amendment of the post-employment benefit plans of THB 306 million booked in

2Q19, the recurring earnings before interest and tax for 2Q20 reached THB 2,325 million, a decrease of THB 1,105 million or -32.2% from the same period last year.

BJC's earnings before interest and tax for 1H20 amounted to THB 4,949 million, a decrease of THB 1,311 million or -20.9% over the same period last year. This decrease was due to the abovementioned reasons. If we remove the one-time expense relating to the acquisition project amounting to THB 76 million, booked in 1Q20, the one-time expense relating to the employee severance pay due to corporate restructuring amounting to THB 449 million, booked in 2Q20, and the non-cash impact from the expenses relating to amendment of the post-employment benefit plans of THB 306 million booked in 2Q19, the recurring earnings before interest and tax for 2Q20 reached THB 5,474 million, a decrease of THB 1,092 million or -16.6% from the same period last year.

Net Profit Attributable to Equity Holders

BJC's consolidated net profit attributable to the equity holders of the Company for 2Q20 reached THB 306 million, a decrease of THB 1,222 million or -80.0% from the same period last year, driven by the abovementioned and higher effective tax rate. If we remove the one-time expense relating to the employee severance pay due to corporate restructuring amounting to THB 437 million after tax and minority interests, booked in 2Q20, and the non-cash impact from the expenses relating to amendment of the post-employment benefit plans of THB 237 million after tax and minority interests booked in 2Q19, the recurring net profit available for the equity holders of the Company for 2Q20 reached THB 743 million, a decrease of THB 1,022 million or -57.9% from the same period last year.

BJC's consolidated net profit attributable to the equity holders of the Company for 1H20 reached THB 1,586 million, a decrease of THB 1,446 million or -47.7% over the same period last year, driven by the abovementioned and higher effective tax rate. If we remove the one-time expense relating to the acquisition project amounting to THB 61 million after tax and minority interests, booked in 1Q20, the employee severance pay due to corporate restructuring amounting to THB 437 million after tax and minority interests, booked in 2Q20, and the non-cash impact from the expenses relating to amendment of the post-employment benefit plans of THB 237 million after tax and minority interests booked in 2Q19, the recurring net profit available for the equity holders of the Company for 1H20 reached THB 2,084 million, a decrease of THB 1,185 million or -36.3% from the same period last year.

Key highlights of 2Q20 and 1H20

Unit: Million THB	2Q20	2Q19	%YoY	1H20	1H19	%YoY
Packaging Supply Chain	4,433	4,989	(11.1)	9,471	9,885	(4.2)
Consumer Supply Chain	4,956	4,734	4.7	10,536	9,461	11.4
Healthcare and Technical Supply Chain	1,958	2,079	(5.9)	3,838	4,077	(5.9)
Modern Retail Supply Chain	25,698	28,990	(11.4)	52,668	56,037	(6.0)
Others	(926)	(357)	159.1	(1,911)	(636)	200.3
Sales & Services	36,119	40,435	(10.7)	74,602	78,824	(5.4)
Other income	2,485	4,044	(38.6)	6,181	7,973	(22.5)
Gain from foreign exchange	-	-	-	88	-	100.0
Total revenues	38,604	44,479	(13.2)	80,871	86,797	(6.8)
Cost of goods sold	29,469	32,493	(9.3)	60,660	63,462	(4.4)
Gross profit	6,650	7,942	(16.3)	13,942	15,362	(9.2)
Selling expenses	5,975	7,224	(17.3)	12,667	14,244	(11.1)
Administrative expenses	1,151	1,222	(5.8)	2,451	2,430	0.9
Expenses from adjustment of employee benefit obligation	-	306	(100.0)	-	306	(100.0)
Loss from foreign exchange	(61)	(29)	111.8	-	(21)	(100.0)
Share of profits (loss) from investments	(72)	(81)	(10.7)	(144)	(74)	93.4
Earnings before interest and tax	1,876	3,124	(40.0)	4,949	6,260	(20.9)
(Recurring earnings before interest and tax)¹	2,325	3,430	(32.2)	5,474	6,566	(16.6)
Interest expense	1,322	1,245	6.2	2,652	2,442	8.6
Earnings before tax	554	1,879	(70.5)	2,297	3,818	(39.8)
Tax	131	213	(38.5)	430	502	(14.3)
Net profit	423	1,666	(74.6)	1,867	3,316	(43.7)
Attributable to:						
Minority interests	117	138	(15.8)	281	284	(1.1)
Equity holders of the Company	306	1,528	(80.0)	1,586	3,032	(47.7)
One-time items after tax:						
Expenses from adjustment of employee benefit obligation	-	(237)	(100.0)	-	(237)	(100.0)
Expenses relating to acquisition project	-	-	-	(61)	-	100.0
Expenses relating to severance pay due to corporate restructuring	(437)	-	100.0	(437)	-	100.0
Equity holder of the Company (Excluding one-time items)	743	1,765	(57.9)	2,084	3,269	(36.3)
<i>Recurring Net profit margin (%)^{*1}</i>	2.1	4.4	-231 bps	2.8	4.1	-135 bps

Key Financial Ratios	2Q20	2Q19	Change	1H20	1H19	Change
Gross profit as % to sales*	18.4%	19.6%	-123 bps	18.7%	19.5%	-80 bps
SG&A as % to sales*	19.7%	20.9%	-118 bps	20.3%	21.2%	-90 bps
Recurring EBIT margin as % to sales* ¹	6.4%	8.5%	-205 bps	7.3%	8.3%	-99 bps
Recurring Net Profit margin (attributable to equity holders of the Company) as % to sales* ¹	2.1%	4.4%	-231 bps	2.8%	4.1%	-135 bps
Net IBD to equity (times)	1.3	1.3	+0 bps	1.3	1.3	+0 bps

* As percentage to sales excluding other income

¹ Excluding THB 306 million (THB 237 million after tax and minority interest expense) expenses relating to amendment of the post-employment benefit plans in 2Q19, THB 76 million (THB 61 million after tax and minority interest expense) expenses relating to acquisition project in 1Q20, and expenses relating to severance pay due to corporate restructuring of THB 449 million (THB 437 million after tax and minority interest expense) in 2Q20.

2. Financial performance summary by supply chain

Packaging Supply Chain

Unit: Million THB	2Q20	2Q19	Change	1H20	1H19	Change
Sales	4,433	4,989	-11.1%	9,471	9,885	-4.2%
Net profit	354	425	-16.8%	846	961	-12.0%
Recurring net profit ¹	361	485	-25.7%	853	1,021	-16.5%
% Recurring net profit margin ¹	8.1%	9.7%	-159 bps	9.0%	10.3%	-133 bps

¹ Excluding the expenses relating to amendment of the post-employment benefit plans of THB 60 million in 2Q19, and expenses relating to severance pay due to corporate restructuring of THB 7 million in 2Q20 after tax and minority interest.

Performance in 2Q20 and 1H20

In 2Q20, Packaging Supply Chain reported sales of THB 4,433 million, a decrease of THB 556 million or -11.1% over the same period last year. This was driven by the COVID-19 related issues particularly impacting alcoholic beverage packaging sales in both glass and aluminum packing businesses.

Packaging Supply Chain's gross profit margin increased to 22.2% in 2Q20 from 21.1% in 2Q19 due to increasing gross profit margin in both Glass and Aluminum Packaging businesses, whilst EBIT margin increased to 14.9% in 2Q20 from 14.1% in 2Q19 due to improving gross profit margin. If we remove the one-time expense relating to the employee severance pay due to corporate restructuring amounting to THB 8 million, booked in 2Q20, and the non-cash impact from the expenses relating to amendment of the post-employment benefit plans of THB 84 million booked in 2Q19, the recurring EBIT margin decreased to 15.1% in 2Q20 from 15.7% in 2Q19.

Net profit attributable to the equity holders of the Company reached THB 354 million, a decrease of THB 71 million or -16.8% over the same period last year. This was mainly driven by lower sales, higher effective tax rate, and continued share of loss from Malaysian Glass packaging business due COVID-19 related impact. If we remove the one-time expense relating to the employee severance pay due to corporate restructuring amounting to THB 7 million after tax and minority interest, booked in 2Q20, and the non-cash impact from the expenses relating to amendment of the post-employment benefit plans of THB 60 million after tax and minority interest booked in 2Q19, the recurring net profit available for the equity holders of the Company for 2Q20 reached THB 361 million, a decrease of THB 125 million or -25.7% from the same period last year.

In 1H20, Packaging Supply Chain reported sales of THB 9,471 million, a decrease of THB 414 million or -4.2% over the same period last year. This was driven by the COVID-19 related impact to both glass and aluminum packing businesses.

Packaging Supply Chain's gross profit margin decreased slightly to 21.7% in 1H20 from 21.9% in 1H19 mainly driven by aluminum can business, whilst EBIT margin increased to 15.6% in 1H20 from 14.5% in 1H19. If we remove the one-time expense relating to the employee severance pay due to corporate restructuring amounting to THB 8 million, booked in 2Q20, and the non-cash impact from the expenses relating to amendment of the post-employment benefit plans of THB 84 million booked in 2Q19, the recurring EBIT margin increased to 15.7% in 1H20 from 15.4% in 1H19.

Net profit attributable to the equity holders of the Company in 1H20 reached THB 846 million, a decrease of THB 115 million or -12.0% over the same period last year. This was mainly driven by lower sales, higher effective tax rate, and increased share of loss from Malaysian Glass packaging business due COVID-19 related impact. If we remove the one-time expense relating to the employee severance pay due to corporate restructuring amounting to THB 7 million after tax and minority interest, booked in 2Q20, and the non-cash impact from the expenses relating to amendment of the post-employment benefit plans of THB 60 million after tax and minority interest booked in 2Q19, the recurring net profit

available for the equity holders of the Company for 1H20 reached THB 853 million, a decrease of THB 168 million or -16.5% from the same period last year.

Glass Packaging Business

In 2Q20, glass packaging business reported sales of THB 2,442 million, a decrease of -12.9% over the same period last year, and contributed approximately 55.0% of total Packaging Supply Chain sales. This decrease was mainly driven by COVID-19 related issues, impacting particularly alcoholic beverage category as alcohol sales were banned in Thailand until early-May in retail stores and until mid-June in restaurants. Net profit attributable to the equity holders of the Company in 2Q20 decreased over the same period last year driven by lower sales and higher effective tax rate.

In 1H20, glass packaging business reported sales of THB 5,351 million, a decrease of -2.1% over the same period last year, and contributed approximately 57.0% of total Packaging Supply Chain sales. Net profit attributable to the equity holders of the Company in 1H20 decreased over the same period last year driven by lower sales and higher effective tax rate.

Aluminum Can Business

In 2Q20, aluminum can business reported sales of THB 1,992 million, a decrease of -8.9% over the same period last year. This decrease was mainly driven by COVID-19 related issues, impacting particularly alcoholic beverage category as alcohol sales were banned for the part of the second quarter. Aluminum can business contributed approximately 45.0% of total Packaging Supply Chain sales. Net profit attributable to the equity holders of the Company in 2Q20 decreased over the same period last year driven by lower sales and higher effective tax rate.

In 1H20, aluminum can business reported sales of THB 4,120 million, a decrease of -6.7% over the same period last year, and contributed approximately 43.0% of total Packaging Supply Chain sales. Net profit attributable to the equity holders of the Company in 1H20 decreased over the same period last year, driven by lower sales, declining gross profit margin, and higher effective tax rate.

Consumer Supply Chain

Unit: Million THB	2Q20	2Q19	Change	1H20	1H19	Change
Sales	4,956	4,734	+4.7%	10,536	9,461	+11.4%
Net profit	316	274	+15.4%	664	555	+19.6%
Recurring net profit ¹	330	314	+5.1%	678	595	+14.0%
% Recurring net profit margin ¹	6.7%	6.6%	+4 bps	6.4%	6.3%	+15 bps

¹ Excluding the expenses relating to amendment of the post-employment benefit plans of THB 40 million in 2Q19, and expenses relating to severance pay due to corporate restructuring of THB 14 million in 2Q20 after tax and minority interest.

Performance in 2Q20 and 1H20

In 2Q20, Consumer Supply Chain reported sales of THB 4,956 million, an increase of THB 222 million or 4.7% over the same period last year. This increase was driven by increased sales in Logistic, and International Trading business segments.

Consumer Supply Chain's gross profit margin decreased to 20.0% in 2Q20 from 21.6% in 2Q19 mainly driven by lower gross profit margin at the Food business, and Logistic business segments, whilst EBIT margin increased to 8.6% in 2Q20 from 7.7% in 2Q19 due to lower SG&A expenses. If we remove the one-time expense relating to the employee severance pay due to corporate restructuring amounting to THB 17 million, booked in 2Q20, and the non-cash impact from the expenses relating to amendment of the post-employment benefit plans of THB 50 million booked in 2Q19, the recurring EBIT margin increased to 9.0% in 2Q20 from 8.8% in 2Q19.

Net profit attributable to the equity holders of the Company in 2Q20 reached THB 316 million, an increase of THB 42 million or 15.4% over the same period last year. The net profit increase was driven by higher sales and improved profitability. If we remove the one-time expense relating to the employee severance pay due to corporate restructuring amounting to THB 14 million after tax and minority interest, booked in 2Q20, and the non-cash impact from the expenses relating to amendment of the post-employment benefit plans of THB 40 million after tax and minority interest booked in 2Q19, the recurring net profit available for the equity holders of the Company for 2Q20 reached THB 330 million, an increase of THB 17 million or 5.1% from the same period last year.

In 1H20, Consumer Supply Chain reported sales of THB 10,536 million, an increase of THB 1,074 million or 11.4% over the same period last year. This sales growth was driven by growing sales from Non-Food, Logistics segments, and International Trading.

Consumer Supply Chain's gross profit margin decreased to 19.8% in 1H20 from 21.7% in 1H19, mainly driven by lower gross profit margin at the Food business segment due to increased palm oil and coconut oil prices, and lower margin at Logistic business segment. Whilst EBIT margin increased to 8.6% in 1H20 from 7.9% in 1H19 due to lower SG&A expenses. If we remove the one-time expense relating to the employee severance pay due to corporate restructuring amounting to THB 17 million, booked in 2Q20, and the non-cash impact from the expenses relating to amendment of the post-employment benefit plans of THB 50 million booked in 2Q19, the recurring EBIT margin increased to 8.7% in 1H20 from 8.4% in 1H19.

Net profit attributable to the equity holders of the Company in 1H20 reached THB 664 million, an increase of THB 109 million or 19.6% over the same period last year. This net profit increase was driven by Non-Food, Logistics segments, and International Trading business. If we remove the one-time expense relating to the employee severance pay due to corporate restructuring amounting to THB 14 million after tax and minority interest, booked in 2Q20, and the non-cash impact from the expenses relating to amendment of the post-employment benefit plans of THB 40 million after tax and minority interest booked in 2Q19, the recurring net profit available for the equity holders of the Company for 1H20 reached THB 678 million, an increase of THB 83 million or 14.0% from the same period last year.

Foods Group

In 2Q20, Foods Group reported sales of THB 1,190 million, a decrease of -15.5% over the same period last year, and contributed approximately 24.0% of total Consumer Supply Chain sales. The decrease was mainly driven by lower snack sales during the COVID-19 period due to school closures and customers focusing their consumption more on necessity products. Net profit attributable to the equity holders of the Company in 2Q20 decreased over the same period last year driven by lower sales, and declining profitability due to raw material price increase and lower utilization rate.

In 1H20, Foods Group reported sales of THB 2,628 million, a decrease of -9.1% over the same period last year, and contributed approximately 25.0% of total Consumer Supply Chain sales. The decrease was mainly driven by lower snack sales during the COVID-19 period due to school closures and customers focusing their consumption more on necessity products. Net profit attributable to the equity holders of the Company in 1H20 decreased over the same period last year driven by lower sales, and declining profitability due to raw material price increase and lower utilization rate.

Non-Foods Group

In 2Q20, Non-Foods Group reported sales of THB 1,690 million, a decrease of -2.4% over the same period last year, and contributed approximately 34.0% of total Consumer Supply Chain sales. The decrease was driven by lower tissue and stationery sales, whilst personal care business segment continued strong performance due to increased demand due to COVID-19 on cleaning products, rubbing alcohol and hand sanitizing gel. Net profit attributable to the equity holders of the Company in 2Q19 increased over the same period last year due to improved profitability.

In 1H20, Non-Foods Group reported sales of THB 3,614 million, an increase of 3.8% over the same period last year, and contributed approximately 34.0% of total Consumer Supply Chain sales. This sales increase was driven by strong personal care products sales during COVID-19 period. Net profit attributable to the equity holders of the Company in 1H20 increased over the same period last year due to sales growth, and improved profitability.

International Trading

In 2Q20, International Trading reported sales of THB 1,195 million, an increase of 2.9% over the same period last year, and contributed approximately 24.0% of total Consumer Supply Chain sales. Net profit attributable to the equity holders of the Company decreased slightly in 2Q20 over the same period last year, driven by lower margin sales.

In 1H20, International Trading reported sales of THB 2,417 million, an increase of 4.9% over the same period last year, and contributed approximately 23.0% of total Consumer Supply Chain sales. Net profit attributable to the equity holders of the Company increased in 1H20 over the same period last year, due to increased sales and good cost control.

Healthcare & Technical Supply Chain

Unit: Million THB	2Q20	2Q19	Change	1H20	1H19	Change
Sales	1,958	2,079	-5.9%	3,838	4,077	-5.9%
Net profit	183	169	+8.0%	360	394	-8.5%
Recurring net profit ¹	195	185	+5.4%	372	409	-9.1%
% Recurring net profit margin ¹	10.0%	8.9%	+106 bps	9.7%	10.0%	-34 bps

¹ Excluding the expenses relating to amendment of the post-employment benefit plans of THB 16 million in 2Q19, and expenses relating to severance pay due to corporate restructuring of THB 12 million in 2Q20 after tax and minority interest.

Performance in 2Q20 and 1H20

In 2Q20, Healthcare and Technical Supply Chain reported sales of THB 1,958 million, a decrease of THB 122 million or -5.9% over the same period last year. The sales decrease was mainly driven by lower sales at the Technical Supply Chain due to COVID-19 related impact.

Healthcare and Technical Supply Chain's gross profit margin decreased to 29.3% in 2Q20 from 31.0% in 2Q19, whilst EBIT margin increased to 12.1% in 2Q20 from 10.6% in 2Q19 due to good cost control. If we remove the one-time expense relating to the employee severance pay due to corporate restructuring amounting to THB 15 million, booked in 2Q20, and the non-cash impact from the expenses relating to amendment of the post-employment benefit plans of THB 20 million booked in 2Q19, the recurring EBIT margin increased to 12.9% in 2Q20 from 11.6% in 2Q19.

Net profit attributable to the equity holders of the Company in 2Q20 reached THB 183 million, an increase of THB 14 million or 8.0% over the same period last year due to the abovementioned reasons. If we remove the one-time expense relating to the employee severance pay due to corporate restructuring amounting to THB 12 million after tax and minority interest, booked in 2Q20, and the non-cash impact from the expenses relating to amendment of the post-employment benefit plans of THB 16 million after tax and minority interest booked in 2Q19, the recurring net profit available for the equity holders of the Company for 2Q20 reached THB 195 million, an increase of THB 10 million or 5.4% from the same period last year.

In 1H20, Healthcare and Technical Supply Chain reported sales of THB 3,838 million, a decrease of THB 239 million or -5.9% over the same period last year. The sales decrease was mainly driven by lower sales at the Technical Supply Chain due to COVID-19 related impact.

Healthcare and Technical Supply Chain's gross profit margin decreased slightly to 31.3% in 1H20 from 31.5% in 1H19, whilst EBIT margin increased to 12.7% in 1H20 from 12.5% in 1H19 due to lower SG&A expenses. If we remove the one-time expense relating to the employee severance pay due to corporate restructuring amounting to THB 15 million, booked in 2Q20, and the non-cash impact from the expenses relating to amendment of the post-employment benefit plans of THB 20 million booked in 2Q19, the recurring EBIT margin increased to 13.1% in 1H20 from 13.0% in 1H19.

Net profit attributable to the equity holders of the Company in 1H20 reached THB 360 million, a decrease of THB 34 million or -8.5% over the same period last year due abovementioned reasons. If we remove the one-time expense relating to the employee severance pay due to corporate restructuring amounting to THB 12 million after tax and minority interest, booked in 2Q20, and the non-cash impact from the expenses relating to amendment of the post-employment benefit plans of THB 16 million after tax and minority interest booked in 2Q19, the recurring net profit available for the equity holders of the Company for 1H20 reached THB 372 million, a decrease of THB 37 million or -9.1% from the same period last year.

Modern Retail Supply Chain

Unit: Million THB	2Q20	2Q19	Change	1H20	1H19	Change
Sales	25,698	28,990	-11.4%	52,668	56,037	-6.0%
Total Revenues	28,062	32,912	-14.7%	58,626	63,769	-8.1%
Net profit	496	1,493	-66.8%	1,756	2,850	-38.4%
Recurring net profit ¹	814	1,594	-49.0%	2,074	2,952	-29.7%
% Recurring net profit margin ¹	3.2%	5.5%	-233 bps	3.9%	5.3%	-133 bps

¹ Excluding the expenses relating to amendment of the post-employment benefit plans of THB 102 million in 2Q19, and expenses relating to severance pay due to corporate restructuring of THB 318 million in 2Q20 after tax and minority interest.

Performance in 2Q20 and 1H20

In 2Q20, Modern Supply Chain reported total revenue of THB 28,062 million, a decrease of THB 4,850 million or -14.7% over the same period last year. This was driven by a retail sales declining to THB 25,698 million, a decrease of THB 3,292 million or -11.4% from the same period last year, driven by negative same-store-sales growth of -17.0% year-on-year for the quarter (excluding B2B sales same-store-sales growth for the quarter was -21.1%) due to the COVID-19 related issues as measures taken under the Emergency Decree required our non-food retail areas to be closed, alcohol sales ban, and store service hours were limited due to night-time curfew. Meanwhile the other income decreased to THB 2,364 million, a decrease of THB 1,559 million or -39.7% over the same period last year, also driven by COVID-19 related impact to rental income as we offered discounts to impacted tenants to support them during the difficult time and waived rents for tenants forced to close their stores due to government and local authorities' measures. Since mid-May, when most of the tenants were allowed to reopen, we started seeing rental income performance to improve, and in June our occupancy rate returned to c.91%, after dipping to c.83% in April.

Modern Supply Chain's gross profit margin decreased to 15.7% in 2Q20 from 17.0% in 2Q19, mainly due to sales mix change driven by closure of non-food areas impacting most of our hypermarkets until mid-May, and increased B2B sales contribution. EBIT margin decreased to 2.8% in 2Q20 from 6.7% in 2Q19, mainly due to lower gross profit margin and the decreasing rental income. If we remove the one-time expense relating to the employee severance pay due to corporate restructuring amounting to THB 390 million, booked in 2Q20, and the non-cash impact from the expenses relating to amendment of the post-employment benefit plans of THB 127 million booked in 2Q19, the recurring EBIT margin decreased to 4.3% in 2Q20 from 7.1% in 2Q19.

Net profit attributable to the equity holders of the Company in 2Q20 reached THB 496 million, a decrease of THB 996 million or -66.8% over the same period last year driven by abovementioned

reasons. If we remove the one-time expense relating to the employee severance pay due to corporate restructuring amounting to THB 318 million after tax and minority interest, booked in 2Q20, and the non-cash impact from the expenses relating to amendment of the post-employment benefit plans of THB 102 million after tax and minority interest booked in 2Q19, the recurring net profit available for the equity holders of the Company for 2Q20 reached THB 814 million, a decrease of THB 780 million or -49.0% from the same period last year.

In 1H20, Modern Supply Chain reported total revenues of THB 58,626 million, a decrease of THB 5,143 million or -8.1% over the same period last year. This decrease was driven by a retail sales reaching THB 52,668 million, a decrease of -6.0% from the same period last year, driven by negative same-store-sales growth of -11.3% year-on-year for the first half of the year (excluding B2B sales same-store-sales growth for the first half of the year was -13.7%). The other income, including rental income and other income, reached THB 5,958 million, a decrease of -22.9% over the same period last year, mainly driven by COVID-19 related impact to rental income.

Modern Supply Chain's gross profit margin decreased to 15.9% in 1H20 from 16.7% in 1H19, mainly due to sales mix change driven by closure of non-food areas impacting most of our hypermarkets from late-March until mid-May, and increased B2B sales contribution. EBIT margin decreased to 4.5% in 1H20 from 6.5% in 1H19, mainly due to lower gross profit margin and the decreasing rental income. If we remove the one-time expense relating to the employee severance pay due to corporate restructuring amounting to THB 390 million, booked in 2Q20, and the non-cash impact from the expenses relating to amendment of the post-employment benefit plans of THB 127 million booked in 2Q19, the recurring EBIT margin decreased to 5.3% in 1H20 from 6.8% in 1H19.

Net profit attributable to the equity holders of the Company in 1H20 reached THB 1,756 million, a decrease of THB 1,094 million or -38.4% over the same period last year driven by abovementioned reasons. If we remove the one-time expense relating to the employee severance pay due to corporate restructuring amounting to THB 318 million after tax and minority interest, booked in 2Q20, and the non-cash impact from the expenses relating to amendment of the post-employment benefit plans of THB 102 million after tax and minority interest booked in 2Q19, the recurring net profit available for the equity holders of the Company for 1H20 reached THB 2,074 million, a decrease of THB 878 million or -29.7% from the same period last year.

Modern Retail Supply Chain continued its small store format expansion and opened 46 Mini Big C stores during the quarter. These openings together with the closure of 6 Mini Big C stores during the quarter, led to our store network reaching to 151 large format stores (Big C Supercenter and Big C Extra), 61 supermarkets (Big C Market, Big C Food Place, and Big C Depot), 1,094 Mini Big C (including 63 franchise stores), and 142 Pure drugstores at the end of June 2020.

Dividend payment

On 13th August 2020, the Board of Directors Meeting approved the 2020 interim dividend payment at the rate of THB 0.18 per share, which will be paid on 11th September 2020.

Please be informed accordingly.

Yours faithfully,

Berli Jucker Public Company Limited

Thirasakdi Nathikanchanalab
Director

Aswin Techajareonvikul
Director