



**HAADTHIP**

TRANSLATION

13<sup>th</sup> May, 2021

Subject: Management Discussion and Analysis of the Consolidated Financial Statements of  
Quarter 1 end of 31<sup>st</sup> March 2021

To: President  
The Stock Exchange of Thailand

Haadthip Public Company Limited (“the Company”) would like to provide the explanation on the performance of Quarter 1, end of 31<sup>st</sup> March 2021 as follows;

**1. Revenue from sales**

In reference to the operating results of Q1/2021 that has been reviewed by the Auditor, the Company’s consolidated financial statements of the period had shown revenue from sales of Baht 1,618.0 million, which decreased by Baht 89.7 million or 5.3% from the same period last year driven by impact of COVID-19 pandemic throughout Q1/2021. During Q1/2021 the Company increased sales of larger packs to drive at home consumption and implemented selective price promotion activities in certain channels.

Total beverage sales volume declined by 0.9% from 15.4 million unit cases in Q1/2020 to 15.2 million unit cases in Q1/2021.

Nevertheless, with the market execution capabilities, the Company was able to maintain its leadership in Non-Alcoholic Ready to Drink (NARTD) with market share of 26.4% and Sparkling Soft Drink (SSD) market shares of 82.2%. In Q1/2021, the Company has implemented sales and marketing initiatives to sustain the sale volume as follows;

- I. Emphasized recruiting new customers and improve execution in the Traditional Trade channel resulting in sales volume growth of 29.0% compared with the same period last year;
- II. Offered more value to consumers by upsizing Coca-Cola 455 ML PET to 505 ML;

HAADYAI OFFICE: 87/1 Kanchanavanich Rd., T.Banpru Hatyai, Songkhla 90250 Thailand Tel: 0 7421 0008-18 Fax: 0 7421 0006-7

BANGKOK OFFICE: 36/6 Soi Ramkhamhaeng 21 (Navasri), Yaek 5 Phlabphla, Wang Thonglang, Bangkok 10310 Tel: 0 2391 4488, 0 2391 0169-70 Fax: 0 2381 2257

Email: [personnel@haadthip.com](mailto:personnel@haadthip.com), [marketing@haadthip.com](mailto:marketing@haadthip.com), [webmaster@haadthip.com](mailto:webmaster@haadthip.com)

- III. Increased distribution and availability of Namthip water enabling 2.2 percentage point increase in market share.

## **2. Cost of sales and gross profit margin**

The cost of sales of Baht 946.6 million showed a decrease of Baht 83.3 million or 8.1% from the same period last year. Gross profit margin (41.5%) showed a 1.8 percentage point increase due to production cost efficiencies (from relocation of major production to Punpin plant, Surat Thani), and less-sugar product reformulations in various pack sizes and new flavour to providing increased product portfolio choices.

## **3. Distribution costs and administrative expenses**

The Company reported distribution costs of Baht 312.2 million, decreased by Baht 35.4 million or 10.2% from the same period last year. While, administrative expenses decreased by Baht 4.2 million or 2.2%. In total, Q1/2021 SG&A expenses were Baht 501.9 million, compared to Baht 541.5 million in the same period last year, representing a 7.3% decrease, which was mainly due to:

- I. A decrease in transportation costs by 8.8% due to a decline in number of trips. While, the fixed costs has been optimized to mitigate the COVID-19 impact;
- II. A decline in Marketing Expenses by 16.5% from the same period last year as a result of the Company's cost control initiatives in response to the COVID-19 pandemic;
- III. In Q1/2020, there was a one-off implementation expenses to relocate production of can and other PET products from Hatyai to Punpin plant, Surat Thani

## **4. Finance costs and income tax expenses**

Finance costs were Baht 3.5 million, which decreased by Baht 1.6 million or 30.5% as the Company has continuously repaid the loan's principal. While, an increase in earnings before tax resulted in Baht 9.4 million or 74.2% increase in income tax expenses for the quarter.

## **5. Net profit and net profit margin**

The Company's consolidated financial statements of the period had shown a net profit of Baht 147.0 million, compared to Baht 119.8 million of the same period last year, an increase of Baht 27.2 million or 22.7%. At the same time the net profit margin increased from 7.0% to 9.1%. Profit attributable to owners of the parent was Baht 147.3 million, compared with Baht 120.0 million same period last year, representing an increase of Baht 27.3 million or 22.8%.

## 6. Profitability and Efficiency Ratios

Ratio	2021	2020
	Quarter 1	Quarter 1
Gross Profit Margin (%)	41.5	39.7
Net Profit Margin (%)	9.1	7.0
Return on Equity (%)	18.4	12.3
Return on Assets (%)	12.7	7.8

- Gross profit margin for Q1/2021 increased by 1.8 percentage points due mainly from production efficiency and less-sugar product reformulation.
- Net profit margin increased by 2.1 percentage points as increased gross profit margin and declined marketing and distribution costs.
- Return on Equity (12-month operating results) increased by 6.1 percentage points as a direct result of the increase in the Company's profits from the last 12 months (1<sup>st</sup> April 2020 - 31<sup>st</sup> March 2021)
- Return on Assets (12-month operating results) increased by 4.9 percentage points as a direct result of the increase in the Company's profits.

For your acknowledgement and further dissemination

Best regards,

Maj Gen.

(Patchara Rattakul)

Chief Executive Officer

Office of the Chief Executive Officer

Tel. 0-2391-4488 Ext. 103