



S&P Syndicate Public Company Limited

Management Discussion & Analysis (MD&A)

2Q2021





Executive Summary

2Q2021 Highlight	3M		Better or (Worse)	6M		Better or (Worse)
	2Q20	2Q21		1H20	1H21	
Revenue	969	1,056	87	2,433	2,214	(219)
Cost of Sales	(492)	(517)	(25)	(1,187)	(1,052)	(135)
Gross Profit	478	539	61	1,246	1,162	(84)
Gross Margin (%)	49.3%	51.0%	1.7%	51.2%	52.5%	1.3%
Distribution Costs and Administrative Expenses	(534)	(511)	23	(1,328)	(1,056)	(272)
Net Profit - Owners of the parent	(51)	44	95	(78)	123	201
Net Profit Margin (%)	(5.3%)	4.1%	9.4%	(3.2%)	5.5%	8.7%

- 2Q21 Net Profit was 44mb, +95mb vs LY while 1H21 Net Profit was 123mb, +201 vs LY.
- 2Q21 Revenue was effected by the April-Covid19 Wave while LY Revenue was effected by the Lockdown for the first half of the quarter.
- 2Q21 Delivery Sales grew +28% vs LY, primarily due to the New Normal and the launch of new S&P 1344 Application which provides more convenience and better experience.
- %Gross Profit was improved for both 2Q21 and 1H21 primarily due to the focus on new products GP and the promotion campaigns. The lower Gross Profit amount in 1H21 vs LY was mainly from the lower Revenue, offset by the higher %Gross Profit.
- Fixed Costs had been permanently and effectively cut since the 1st Wave.

Number of Branches as at 30 June 2021

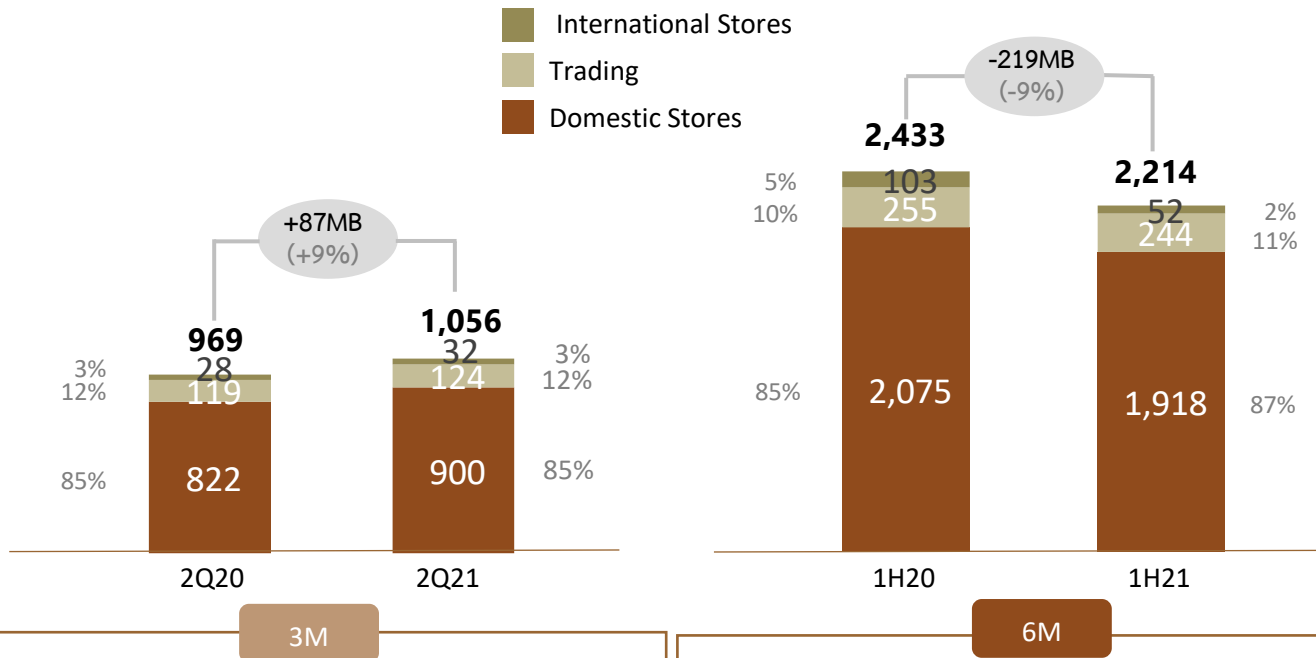
Brand	Total Number of Stores	Thailand		International		
		Equity	Franchise	Equity	Franchise	JV
S&P Restaurant	147	141	1	5	-	-
S&P Bakery Shop	313	311	2	-	-	-
S&P Delta	11	11	-	-	-	-
BlueCup	2	2	-	-	-	-
Patio	2	2	-	4	1	5
Patara	11	1	-	-	-	-
SNP	1	1	-	-	-	-
Grand Seaside	1	1	-	-	-	-
Maisen	12	12	-	-	-	-
Umenohana	2	2	-	-	-	-
Total	502	484	3	9	1	5



Analysis of Statement of Income

1. Revenue

Revenues by channel



2Q21 Revenue was +87 mb vs LY. 2Q21 Revenue was effected by the April-Covid19 Wave while LY Revenue was effected by the Lockdown for the first half of the quarter.

Domestic :

❖ **Restaurant Business**

- Revenue was still effected by the Covid19. As such, the Group focused more on take-aways and delivery channels.
- New products, “Khao-Chae” hit the new high with new trial pack size, effective ads, and excellent operations.

❖ **Trading Business**

- Revenue mainly came from frozen and OEM products thru retails channel and food chain stores.

Overseas:

- ❖ Revenue was quite stable with the on and off Lockdown.

1H21 Revenue was -219 mb vs LY primarily due to the Covid19 which caused the 1st Lockdown on 22 Mar 2020 while 2021 was effected by the April-Covid19 Wave.

Domestic :

❖ **Restaurant Business**

- Revenue has been continuously effected by the Covid19 which caused less traffic on both Dine-in and Take-Aways channels, partially offset by the rise on delivery revenue.

❖ **Trading Business**

- Revenue dropped -3.9% primarily due to the Airline accounts.

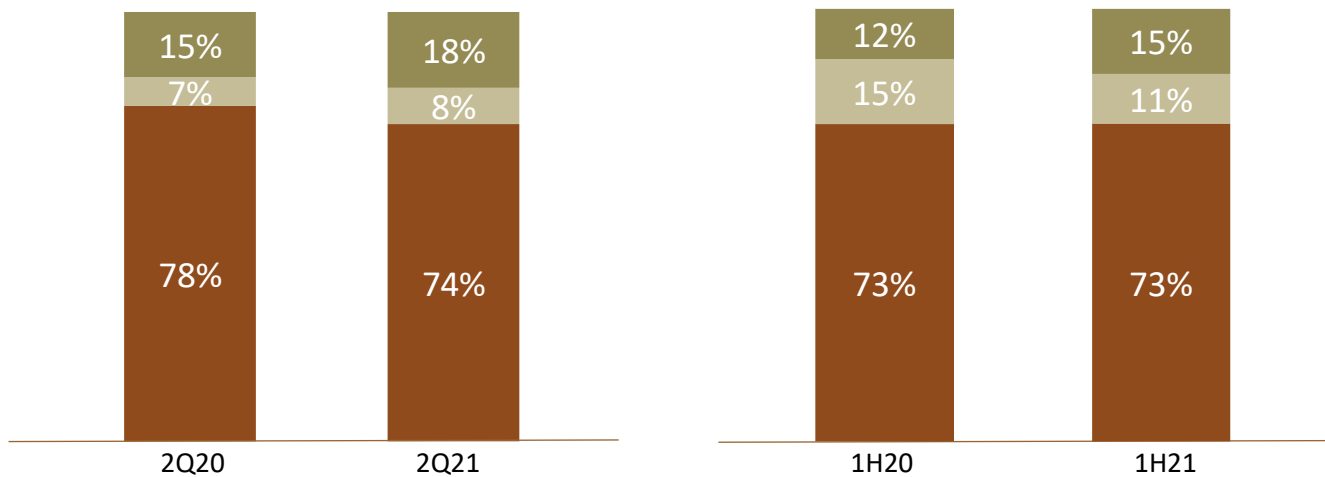
Overseas:

- ❖ Revenue dropped -50% vs LY primarily due to the on and off lockdown.



Revenue by Sales Mix

- Food Delivery
- Dine-in
- Take-Aways



3M

2Q21 Revenue grew from LY in all channels. Take-aways +3%, Delivery +28%, and Dine-in +36%. 2Q20 was locked down with no Dine-in during the first half of the quarter.

- **Take-aways** : New products, “Khao-Chae”, hit the new high with the new trial pack size for both Delivery and Take-aways channels.
- **Delivery** : New DelTa (Delivery and Take-aways) stores were opened and New 1344 application was launched in May 2021.
- **Dine-in** : Revenue was effected by the Covid19 measures, forced no Dine-in, 25% Dine-in, 50% Dine-in during the quarter.

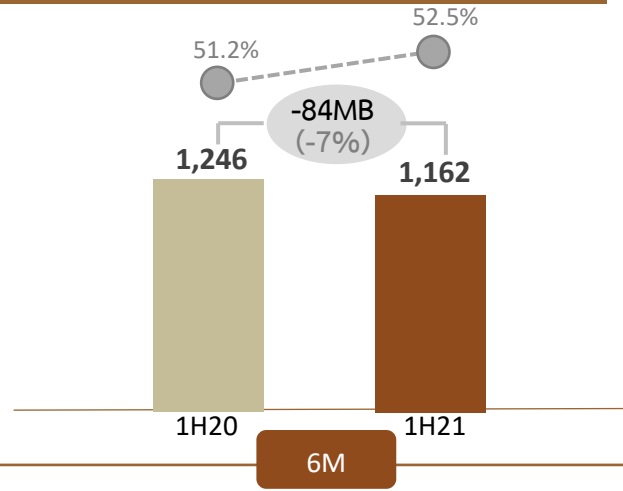
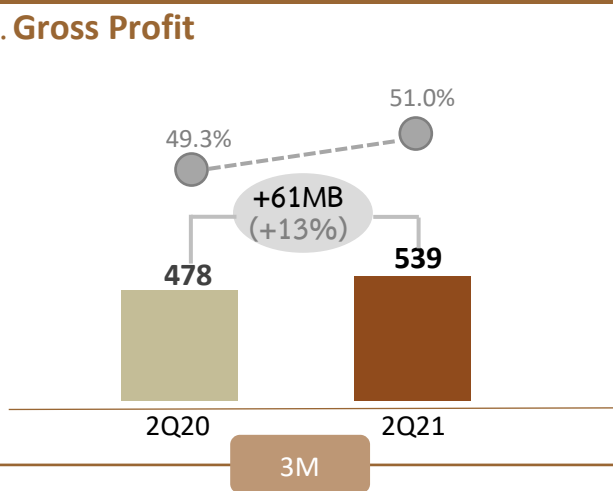
6M

1H21 Revenue dropped -7% vs LY primarily due to the Take-aways -7% and Dine-in channels -30%, offset by the Delivery channel +21%.

- **Take-aways** : New products, “Khao-Chae”, hit the new high with the new trial pack size for both Delivery and Take-aways channels. The products were launched in Mar 2021.
- **Delivery** : 11 New DelTa (Delivery and Take-aways) stores were opened and New 1344 application was launched in May 2021.
- **Dine-in** : Revenue was effected by the Covid19 April Wave, forced no dine-in, 25% and then 50% dine-in during the quarter.



2. Gross Profit



2Q21 %Gross Profit improved 1.7% mainly driven by

1. the “less but more and profit-focus” mindset on new products launch
2. manufacturing fixed costs reduction
3. in-store waste controls
4. more accurate demand planning

Remarks: Cost of labor and Transportation expenses were reclassified from COGS to Selling Expenses.

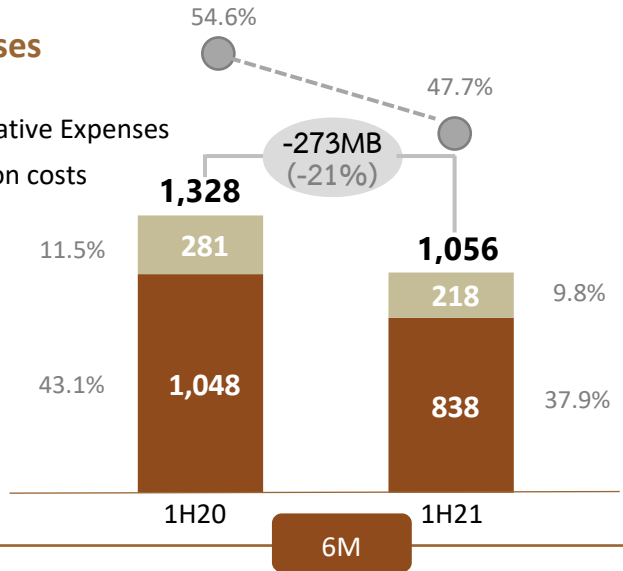
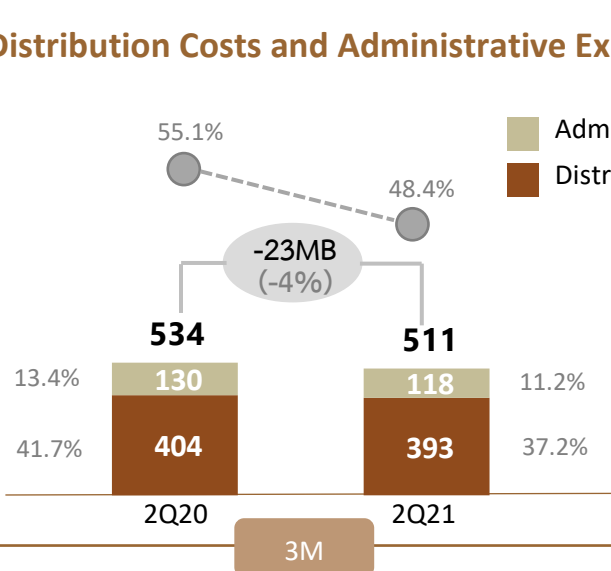
- 2Q21 was 166mb or 15.7% on Revenue
- 2Q20 was 136mb or 14.0% on Revenue

1H21 %Gross Profit improved 1.3%, mainly driven by the continuous efforts on driving mindsets and collaboration among teams to focus more on profit and driving the fixed costs down with the more accurate demand planning. However the lower Gross Profit amount was derived from the lower Revenue.

Remarks: Cost of labor and Transportation expenses were reclassified from COGS to Selling Expenses.

- 1H21 was 327mb or 14.8% on Revenue
- 1H20 was 351mb or 14.4% on Revenue

3. Distribution Costs and Administrative Expenses



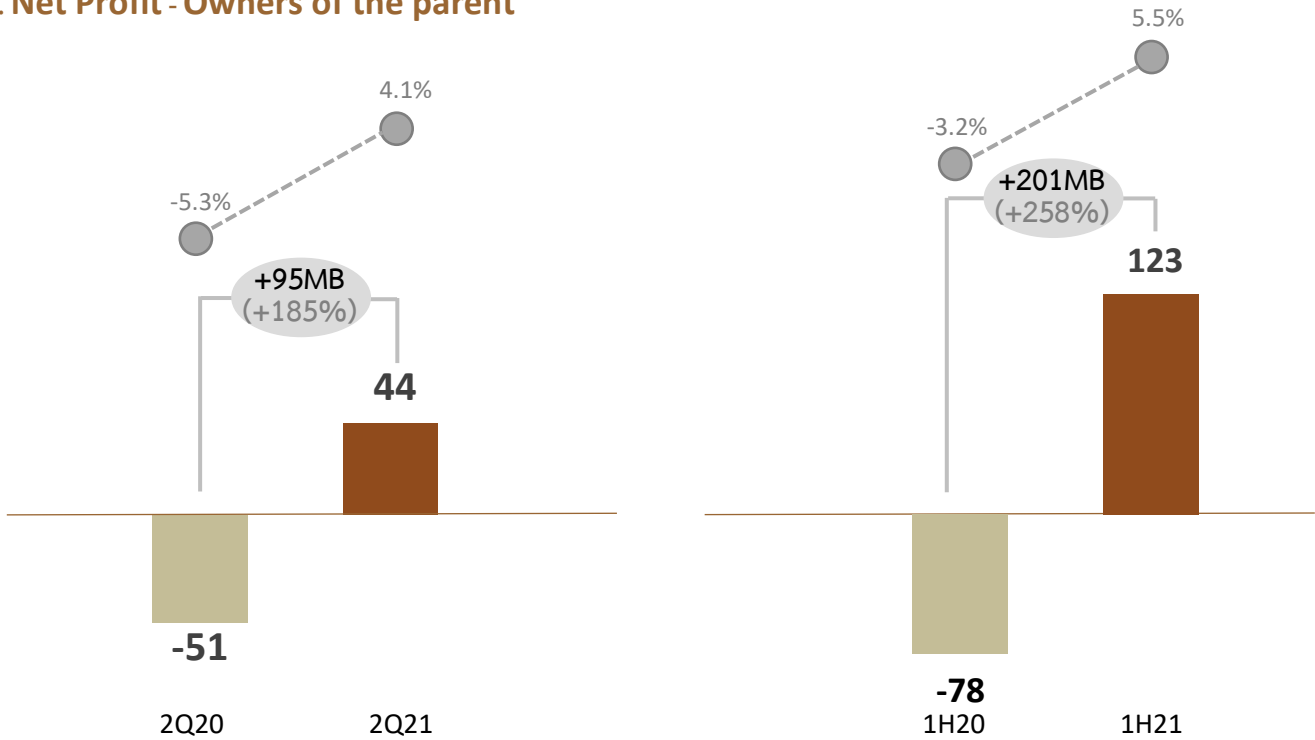
2Q21 overall Distribution Costs and Administrative Expenses were -23mb vs LY despite of the higher Revenue. % Distribution Costs and Administrative Expenses were dropped -6.7% vs LY. This was mainly due to :

1. In-store labor productivity and roster management
2. Manufacturing labor productivity
3. Rental negotiation
4. Organization restructuring
5. Cost effectiveness controls and cut
6. System and workflows efficiency improvement thru automation and processes re-engineering

1H21 overall Distribution Costs and Administrative Expenses were -273mb. % Distribution Costs and Administrative Expenses were dropped -6.9% vs LY. This was mainly due to the continuous improvement on labor productivity for both in-store and manufacturing operations, rental negotiation on a store-by-store basis, organization restructuring, cost cut and controls, and system and workflows improvement.



4. Net Profit - Owners of the parent



- 2Q21 Net Profit was 44mb, +95mb vs LY while 1H21 Net Profit was 123mb, +201 vs LY.





5. Assets / Liabilities and Equity

Key Metrics (MB)	As at Jun 21		As at Dec'20	
	MB	%	MB	%
Cash and cash equivalents	685	14%	577	11%
Financial assets measured at fair value through profit or loss	360	7%	479	9%
Other current assets	471	10%	491	10%
Total current assets	1,517	31%	1,548	30%
Investment in associate	74	2%	67	1%
Investment in joint ventures	200	4%	200	4%
Property, plant and equipment	1,463	30%	1,410	28%
Right-of-use asset	1,567	32%	1,814	35%
Other non-current assets	98	2%	80	2%
Total non-current assets	3,402	69%	3,571	70%
TOTAL ASSETS	4,918	100%	5,119	100%
Short-term borrowings from financial institution	82	2%	57	1%
Trade and other payables	619	13%	647	13%
Current portion of lease liabilities	466	9%	472	9%
Other current liabilities	112	2%	110	2%
Total Current Liabilities	1,279	26%	1,286	25%
Long-term borrowings from financial institutions	105	2%	91	2%
Non-current provision for employee benefits	165	3%	152	3%
Lease liabilities	890	18%	1,115	22%
Other non-current liabilities	79	2%	81	2%
Total non-current liabilities	1,239	25%	1,438	28%
TOTAL LIABILITIES	2,518	51%	2,723	53%
Paid-up Capital	490	10%	490	10%
Premium on ordinary shares	690	14%	690	13%
Surplus on gain from transfer of business to JV	80	2%	80	2%
Retained earnings				
Appropriated - Legal reserve	52	1%	52	1%
Unappropriated	1,065	22%	1,065	21%
Other components of shareholders' equity	-15	0%	-18	0%
Non-controlling interests	38	1%	36	1%
TOTAL EQUITY	2,400	49%	2,395	47%
TOTAL LIABILITIES & EQUITY	4,918	100%	5,119	100%
Authorised share capital	515		490	
Par Value (Baht/Sh.)	1.0		1.0	
No. of share (millions)	515		490	

Cash & cash equivalent of 685 MB, +108 MB vs. Dec 2020, mainly driven by the net operating cash inflow.
Financial assets at fair value: Total 360 MB, -120 MB vs. Dec 2020 was attributed to dividend paid in May.

Other current assets : mainly consisted of receivable and inventory, which was lower in relation to sales and inventory management.

Right-of-use asset & Lease Liabilities : The Group has adopted the TFRS16 Lease Accounting Standard, effective 1 Jan 2020.

Provision of employee benefits mainly is for employee benefit obligation (retirement)

Retained earnings remained as Dec 2020, owing mainly to net profit for the period 122.8 MB, offset with dividend paid (122.6) MB



“Strengthen The Core, Create The Next”

For inquiries related to the Investor Relations, please contact us by:

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