



# S&P Syndicate Public Company Limited Management Discussion & Analysis (MD&A) 2Q22



MID-AUTUMN  
FESTIVAL

中秋节





## Executive Summary

Unit : Million Baht

Highlight	3M		Better or (Worse)	6M		Better or (Worse)
	2Q21	2Q22		1H21	1H22	
Revenue	<b>1,056</b>	<b>1,301</b>	<b>245</b>	<b>2,214</b>	<b>2,587</b>	<b>373</b>
Cost of Sales	(474)	(579)	(105)	(984)	(1,141)	(157)
Gross Profit <i>Gross Profit Margin (%)</i>	<b>582</b> 55.1%	<b>723</b> 55.5%	<b>141</b> 0.4%	<b>1,231</b> 55.6%	<b>1,446</b> 55.9%	<b>215</b> 0.3%
<i>Distribution costs and Administrative expenses</i>	(555)	(631)	(76)	(1,125)	(1,263)	(138)
Net Profit – Owners of the parent <i>Net Profit Margin (%)</i>	<b>44</b> 4.1%	<b>83</b> 6.4%	<b>39</b> 2.3%	<b>123</b> 5.5%	<b>170</b> 6.6%	<b>47</b> 1.1%

### 3M

▶ **2Q22 Net Profit was 83mb, +39mb YoY** mainly driven by the top line recovery and less-but-more promotions. Sales increased in Dine-in and Delivery channels together with the continuous controls and management over costs and expenses.

▶ **2Q22 %Gross Profit was +0.4% YoY** mainly driven by the “less-but-more” promotions and campaigns design, and lean production

▶ **2Q22 Net Sales was 1,301mb, +23% YoY** sales growth in all business segments and all channels

**Dine-in Sales +105% YoY** mainly driven by the relaxation of COVID-19 measurements, especially from Sales recovery in hospital, shopping malls and Airport

**Delivery Sales +31% YoY** mainly driven by 1) more convenient ordering platform thru S&P app and 1344 call center, 2) 100% trade zone coverage in BKK, 3) alliance with strategic food aggregators, and 4) heavy push sales on snack boxes. DelTa stores are the key vehicles.

### 6M

▶ **1H22 Net Profit was 170mb, +47mb YoY** mainly came from turnaround of restaurant business both in domestic and international, continuous growth in Retail and Food Service, and the profit leverage from the costs cut and control momentum.

▶ **1H22 %Gross Profit was +0.3% YoY** mainly driven by Successful monitoring and control in COGS despite of the raw materials and packaging costs increase

▶ **1H22 Net Sales was 2,587mb, +17% YoY** mainly driven by Dine-in Sales recovery and continuous growth in Delivery Sales for both Domestic and International stores, plus strong growth in Retail and Food Service

**Dine-in Sales +31% YoY** mainly came from Airport and hospital stores.

**Delivery Sales +44% YoY** strong growth due to 1) more convenient ordering platform thru S&P app and 1344 call center, 2) 100% trade zone coverage in BKK, 3) alliance with strategic food aggregators, and 4) heavy push sales on snack boxes. DelTa stores are the key vehicles.



## 2Q22 Key Achievements

- 1 Grew Sales thru all Business segments and channels for both domestic and international business, especially for domestic stores from Dine-in sales recovery and strong Delivery sales growth
- 2 Successful discount control thru less-but-more promotion campaigns
- 3 Mitigated the impact on raw materials and packaging costs increase
- 4 Drive manufacturing costs by controlling labor productivity and reducing overhead costs
- 5 Keep up the momentum of cost controls and productivity

## Number of Stores

Food and Bakery Restaurants (As of 30 Jun 2022)	Total Number of Stores	Thailand		International		
		Equity	Franchise	Equity	Franchise	JV
S&P Restaurant	131	125	1	5	-	-
S&P Bakery Shop	285	283	2	-	-	-
S&P DelTA	34	34	-	-	-	-
Patio	2	2	-	3	1	4
Patara	9	1	-	-	-	-
SNP	1	1	-	-	-	-
Grand Seaside	1	1	-	-	-	-
Maisen	11	11	-	-	-	-
Umenohana	2	2	-	-	-	-
<b>Total</b>	<b>476</b>	<b>460</b>	<b>3</b>	<b>8</b>	<b>1</b>	<b>4</b>

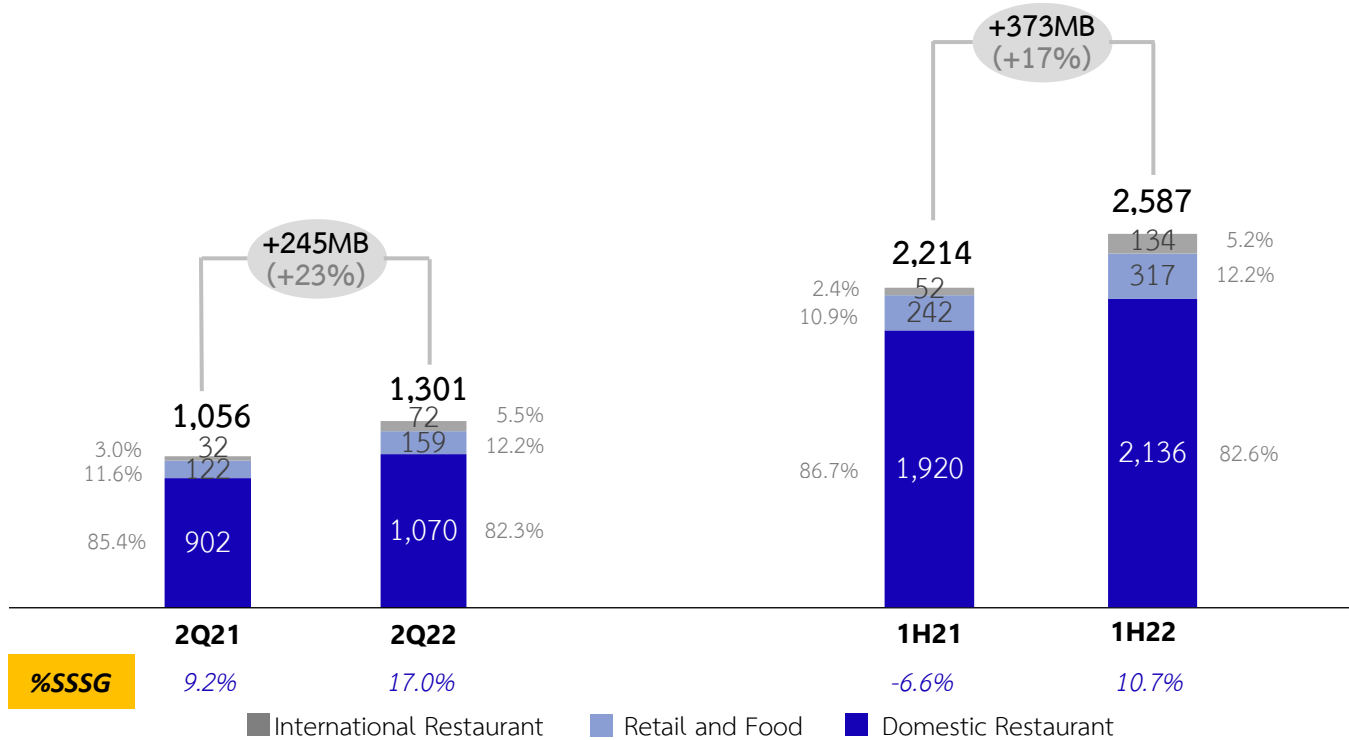


## Analysis of Statement of Income



**Revenue**  
Unit : Million Baht

Total Group



2Q22 Revenue was 1,301mb, +245mb or +23% YoY Sales growth in all business segments and channels mainly came from Dine-in Sales recovery especially in hospital, shopping malls and Airport. Continuous growth in International Stores and Retail and Food Service

1H22 Revenue was 2,587mb, +373mb or +17% YoY due to Dine-in Sales recovery and continuous growth in Delivery Sales for both Domestic and International stores, plus strong growth in Retail and Food Service

▶ **Domestic Stores** : +168MB or +19% YoY mainly came from Dine-in Sales recovery and strong Delivery Sales growth through festive NPDs and promotions

▶ **Domestic Stores** : +216MB or +11% YoY mainly came from very strong Delivery Sales growth and Dine-in Sales recovery

▶ **Retail and Food Service** : +37MB or +30% YoY mainly came from sales of frozen cake in Retail channels and Mooncake products in convenient stores and the increased OEM volume for food chain accounts

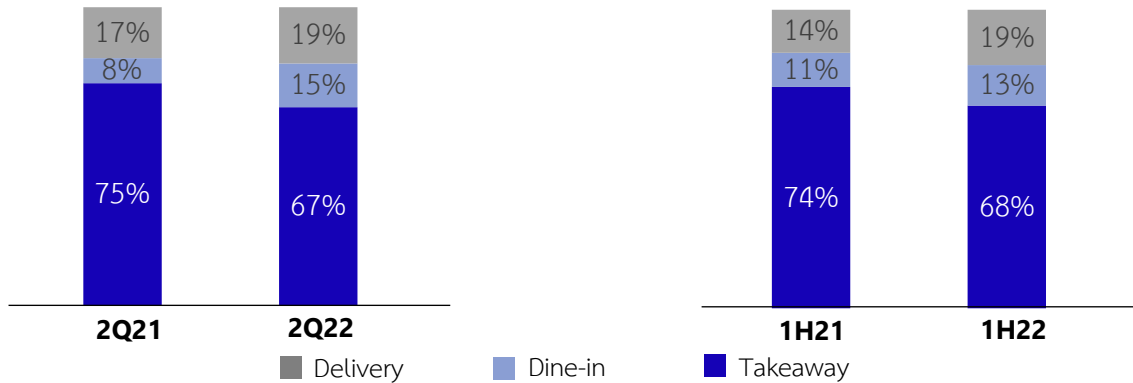
▶ **Retail and Food Service** : +75MB or +31% YoY mainly came from success key products in Retail channel (Frozen cake, Quick Meal and Mooncake) and OEM products in Food Service channel

▶ **International Stores** : +40MB or +125% YoY, strong Sales turnaround from the stores in Cambodia, Austria and UK

▶ **International Stores** : +82MB or +157% YoY mainly came from recovery and turnaround sales of overseas restaurants



### Domestic Revenue Mix



3M

6M

- Delivery** : 3M Revenue +31% YoY and 6M Revenue +44% YoY; mainly due to 1) more convenient ordering platform thru S&P app and 1344 call center, 2) 100% trade zone coverage in BKK, 3) alliance with strategic food aggregators, and 4) heavy push sales on snack boxes.
- Dine-in** : 3M Revenue +105% YoY, mainly driven by the relaxation of COVID-19 measurements. The growth mainly came from stores in hospitals, airports, and shopping malls. 6M Revenue +31% YoY, mainly came from Airport Store and stores in hospitals.
- Take-Away** : 3M Revenue +5.4% YoY and 6M Revenue +1.8% YoY



### Gross Profit

Unit : Million Baht



3M

6M

2Q22 %Gross Profit was +0.4% YoY mainly driven by Dine-in sales recovery, +105% YoY, together with the “less-but-more” promotions and campaigns design.

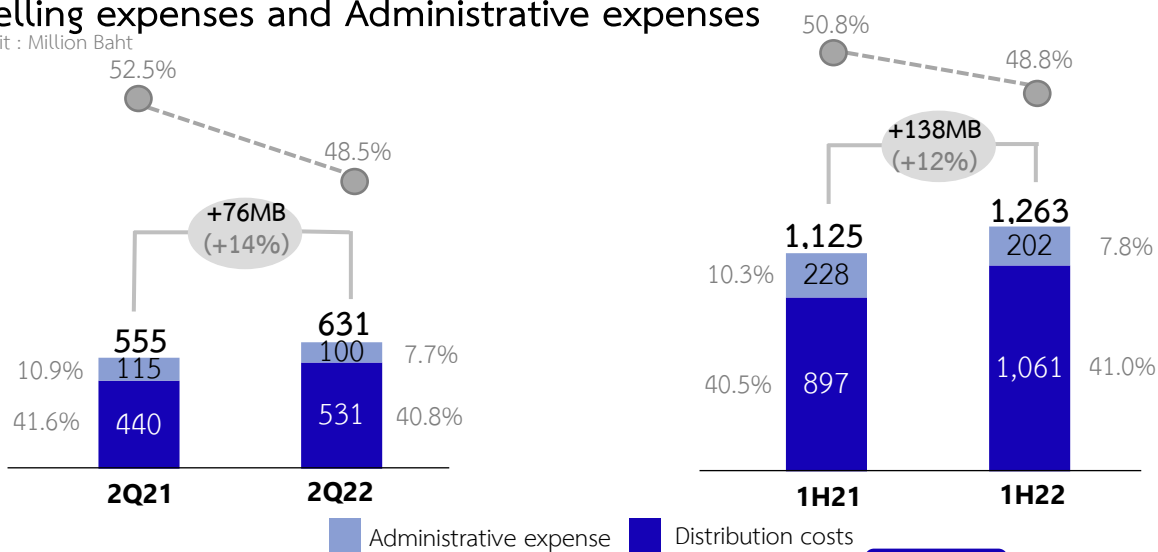
1H22 %Gross Profit was +0.3% YoY mainly driven by 1) segmented promotions and campaigns design, 2) Dine-in Sales recovery, 3) key ingredients stock-up from last year, 4) lean production, 5) using alternative ingredients, 6) menus redesign, and 7) minimum price adjustment for some menus.





## Selling expenses and Administrative expenses

Unit : Million Baht



3M

6M

2Q22 %Total SG&A was 48.5% or -4.1% YoY

▶ 2Q22 %Selling expenses was 531mb, +91mb or -0.8% on Net Sales YoY. The amount increased relatively to Sales with higher COL and rent YoY, partially offset by the labor productivity and transportation efficiency.

▶ 2Q22 %Administrative expenses was 100mb, -15mb or -3.3% on Net Sales YoY. continuously improved YoY. BTW 2Q21 included some 10MB one-time expenses.

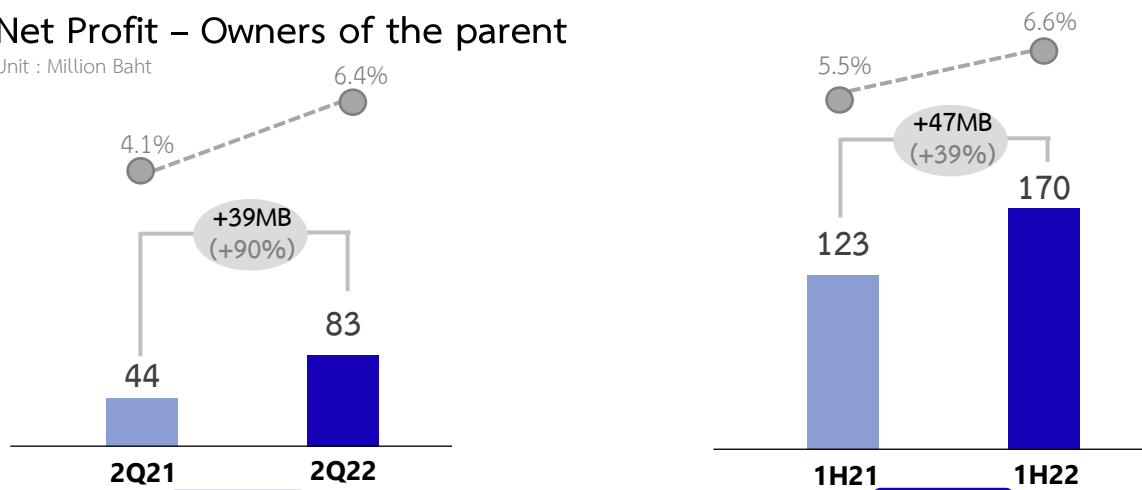
1H22 %Total SG&A was 48.8% or -2.0% YoY primarily due to

1. Labor roster weekly monitoring and productivity control
2. Rental weekly monitoring and negotiation
3. Organization Restructuring
4. Processes and systems re-design and improvement



## Net Profit – Owners of the parent

Unit : Million Baht



3M

6M

2Q22 Net Profit was 83mb, +39mb YoY mainly driven by the top line recovery and less-but-more promotions. The Company focused on generating sales through Dine-in and Delivery channels together with the continuous controls and management over costs and expenses.

1H22 Net Profit was 170mb, +47mb YoY mainly driven from turnaround of restaurant business both in domestic and international, continuous growth in Retail and Food Service, and the profit leverage from the costs cut and control momentum.





## Assets / Liabilities and Equity

BALANCE SHEET				
Key Metrics (MB)	As at Jun22		As at Dec21	
	MB	%	MB	%
Cash and cash equivalents	765	16%	980	19%
Financial assets at fair value	361	8%	360	7%
Other current assets	552	12%	557	11%
<b>Total Current assets</b>	<b>1,678</b>	<b>36%</b>	<b>1,898</b>	<b>37%</b>
Investment in associate	89	2%	73	1%
Investment in joint ventures	200	4%	206	4%
Property, plant and equipment	1,529	33%	1,486	29%
Right-of-use asset	1,112	24%	1,306	26%
Other non-current assets	93	2%	96	2%
<b>Total non-current assets</b>	<b>3,023</b>	<b>64%</b>	<b>3,168</b>	<b>63%</b>
<b>TOTAL ASSETS</b>	<b>4,701</b>	<b>100%</b>	<b>5,066</b>	<b>100%</b>
Short-term borrowings from financial institutions	17	0%	8	0%
Current portion of long-term borrowings from related party	1	0%	1	0%
Trade and other payables	690	15%	760	15%
Other current liabilities	590	13%	589	12%
<b>Total Current Liabilities</b>	<b>1,298</b>	<b>28%</b>	<b>1,357</b>	<b>27%</b>
Long-term borrowings from financial institutions	168	4%	196	4%
Non-current provision for employee benefits	180	4%	167	3%
Lease liabilities	494	11%	653	13%
Other non-current liabilities	70	1%	77	2%
<b>Total non-current liabilities</b>	<b>913</b>	<b>19%</b>	<b>1,093</b>	<b>22%</b>
<b>TOTAL LIABILITIES</b>	<b>2,211</b>	<b>47%</b>	<b>2,450</b>	<b>48%</b>
Paid-up Capital	512	11%	512	10%
Premium on ordinary shares	690	15%	690	14%
Surplus on gain from transfer of business to JV	80	2%	80	2%
Legal reserve	52	1%	52	1%
Unappropriated	1,131	24%	1,258	25%
Other components of shareholders' equity	-14	0%	-14	0%
Non-controlling interests	38	1%	38	1%
<b>TOTAL EQUITY</b>	<b>2,490</b>	<b>53%</b>	<b>2,616</b>	<b>52%</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>4,701</b>	<b>100%</b>	<b>5,066</b>	<b>100%</b>
<i>Authorised share capital</i>	<i>515</i>		<i>515</i>	
<i>Par Value (Baht/Sh.)</i>	<i>1.00</i>		<i>1.00</i>	
<i>No. of share (millions)</i>	<i>515</i>		<i>515</i>	

**Cash & Cash equivalent** of 765mb, (215)mb vs. Dec21, caused by 2021 dividend payment.

**Property, plant and equipment** : increased +43mb due to investment in stores and hub expansions for opportunity growth

**Right-of-use asset and lease liabilities**: decreased due to the depreciation on right-of-use assets and maturity of lease liabilities

**Trade and other payables**: decreased (70)mb mainly from Bonus payment.

**Retained earnings (127) mb**, mainly due to net profit for the period 170mb, net with dividend payment 297mb





"Strengthen The Core, Create The Next"

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



[irsnp@snpfood.com](mailto:irsnp@snpfood.com)

