# S&P Syndicate Public Company Limited
# Management Discussion & Analysis (MD&A)
# 3Q22

# Executive Summary

Unit : Million Baht

| Highlight | 3M | | Better or (Worse) | 9M | | Better or (Worse) |
|---|---|---|---|---|---|---|
| | 3Q21 | 3Q22 | | 9M21 | 9M22 | |
| Revenue | **1,186** | **1,546** | **360** | **3,401** | **4,133** | **732** |
| Cost of Sales | (561) | (680) | (119) | (1,545) | (1,820) | (275) |
| Gross Profit<br>*Gross Profit Margin (%)* | **625**<br>*52.7%* | **866**<br>*56.0%* | **241**<br>*3.3%* | **1,856**<br>*54.6%* | **2,313**<br>*56.0%* | **457**<br>*1.4%* |
| *Selling Expenses and Administrative expenses* | (532) | (681) | (149) | (1,656) | (1,944) | (288) |
| Net Profit – Owners of the parent<br>*Net Profit Margin (%)* | **95**<br>*8.0%* | **158**<br>*10.2%* | **63**<br>*2.2%* | **218**<br>*6.4%* | **328**<br>*7.9%* | **110**<br>*1.5%* |

## 3M

- **3Q22 Net Profit was 158mb, +63mb YoY** mainly driven by the top line, less-but-more promotions, and continuous controls over costs and expenses. Sales significantly increased in Take-Away and Dine-in channels with continuous growth on Delivery. 3Q21 was impacted by the Deep Lock-down due to COVID-19.

- **3Q22 %Gross Profit was +3.3% YoY** mainly driven by the higher GP mix from Dine-in Sales Recovery, "less-but-more" promotions and campaigns design, and lean production control

- **3Q22 Net Sales was 1,546mb, +30% YoY** mainly came from Domestic Restaurant Business which significantly grew in Shopping Mall, Hypermarket, and Airport stores.

  **Dine-in Sales +576% YoY** mainly came from Shopping Mall and Airport Stores

  **Take-Away Sales +29% YoY** mainly came from the resumed traffic in all locations especially from Hypermarket

  **Delivery Sales +9.4% YoY** from the festive, food NPDs, snack boxes, and corporate via stranger alliance with food aggregators.

## 9M

- **9M22 Net Profit was 328mb, +110mb YoY** mainly came from the recovery of Domestic Restaurant Business, continuous growth in Retail and Food Service, and the profit leverage from the costs cut and control momentum.

- **9M22 %Gross Profit was +1.4% YoY** mainly driven by successful monitoring and control in COGS despite of the raw materials and packaging costs increase

- **9M22 Net Sales was 4,133mb, +22% YoY** mainly came from the Restaurant Business for both Domestic and International stores. Increase in Domestic Restaurant Business Net Sales mainly came from stores in Shopping Mall, Hypermarket, Airport and Hospital.

  **Dine-in Sales +90% YoY**

  **Take-Away Sales +11% YoY**

  **Delivery Sales +29% YoY** strong growth due to 1) more convenient ordering platform thru S&P app and 1344 call center (launched in 2Q21), 2) 100% trade zone coverage in BKK vs partial in LY, 3) stronger alliance with strategic food aggregators, and 4) heavy push sales on snack boxes. DelTa stores are the key vehicles.

# 3Q22 Key Achievements

1. Grew Sales thru festive products, Food NPDs, snack boxes, and Corporate sales via Dine-in, Take-Away and Delivery channels
2. Successfully control discount thru less-but-more promotion campaigns design
3. Continuously mitigated the impact on raw materials and packaging costs increase
4. Go Lean on manufacturing costs by controlling labor productivity and reducing overhead costs
5. Keep up the momentum of cost controls and productivity

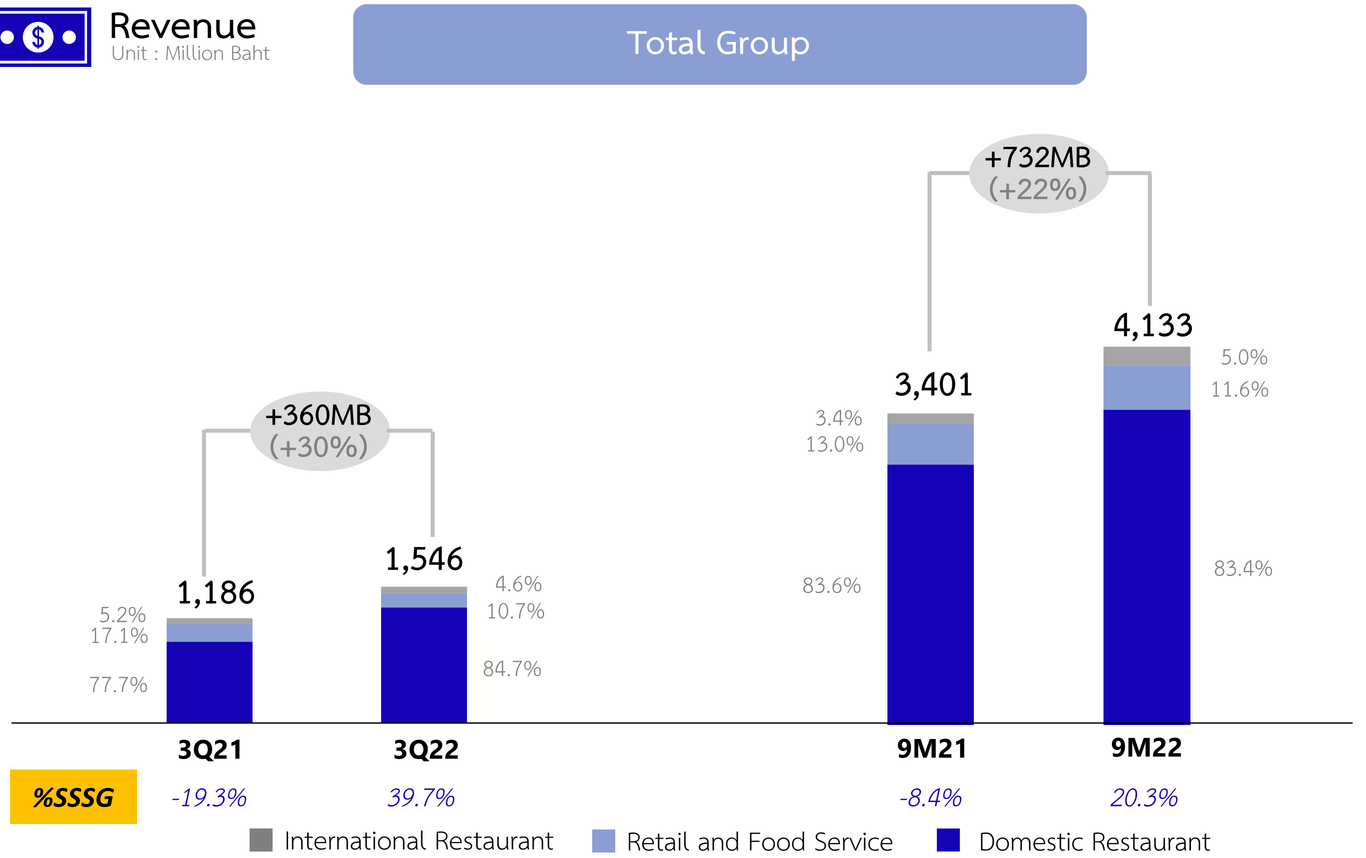
# Number of Stores

| Brand (As of 30 Sep 2022) | Total Stores | Thailand | | International | |
|---|---|---|---|---|---|
| | | Equity | Franchise | Equity | JV |
| S&P Restaurant | 137 | 131 | 1 | 5 | - |
| S&P Bakery Shop | 282 | 280 | 2 | - | - |
| S&P DelTA | 32 | 32 | - | - | - |
| Maisen | 11 | 11 | - | - | - |
| Umenohana | 2 | 2 | - | - | - |
| PATARA | 8 | 1 | - | 3 | 4 |
| PATIO | 1 | 1 | - | - | - |
| SNP Cake | 1 | 1 | - | - | - |
| Grand Seaside | 1 | 1 | - | - | - |
| Total | 475 | 460 | 3 | 8 | 4 |

# Analysis of Statement of Income

## Revenue

Unit : Million Baht




### 3M

**3Q22 Revenue was 1,546mb, +360mb or +30% YoY** mainly came from strong growth in Domestic Restaurant Business +42%, International Restaurant Business +14%, partially offset with Retail and Food Service -19%

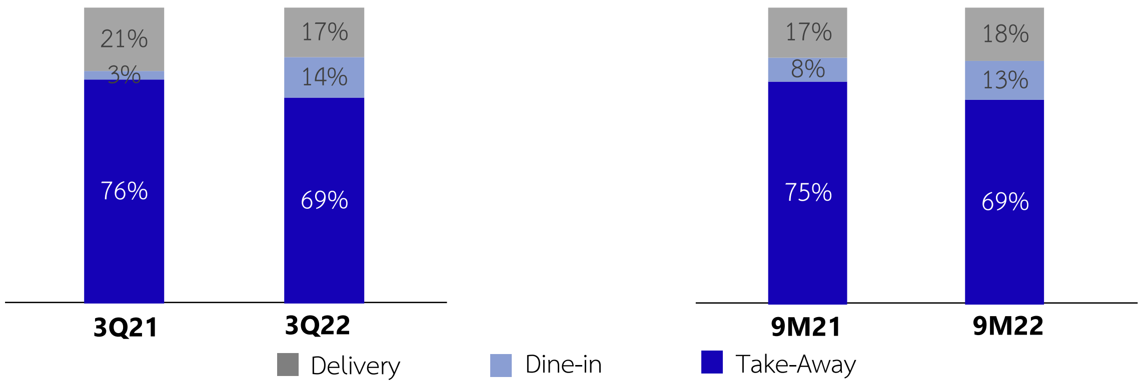
- **Domestic Stores :** +388MB or +42% YoY mainly came from the strong growth in Dine-in and Take-Away sales with continuous growth on Delivery. Key contributors are stores in Shopping Mall, Hypermarket, and Airport
- **Retail and Food Service :** -37MB or -19% YoY mainly due to lower sales on Frozen Food (Quick Meal) and less BOGO offers on Frozen Butter Cake to comply with less-but-more promotions policy
- **International Stores :** +9MB or +14% YoY mainly came from Cambodia stores

### 9M

**9M22 Revenue was 4,133mb, +732mb or +22% YoY** due to Dine-in Sales recovery and continuous growth in Delivery Sales for both Domestic and International stores

- **Domestic Stores :** +602MB or +21% YoY mainly came from the strong growth in Dine-in, Take-Away, and Delivery channels. Key contributors are stores in Shopping mall, Hypermarket, Airport, and Hospital.
- **Retail and Food Service :** +37MB or +8% YoY mainly came from OEM food service for Food Chain accounts.
- **International Stores :** +91MB or +79% YoY mainly came from stores in Cambodia and UK

## Domestic Revenue Mix

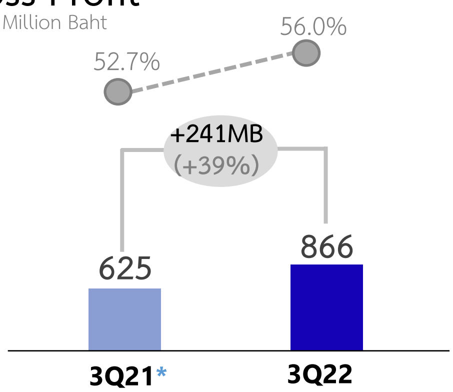


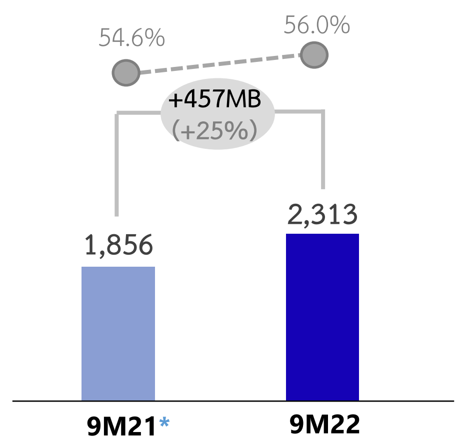

3M | 9M

- **Dine-in : 3M Revenue +576% YoY and 9M Revenue +90.1% YoY** mainly came from stores in Shopping mall, Airport and Hospital. Both 3M and 9M Number of bills significantly increased with higher averaged spending per bill. BTW about 200 stores were temporarily closed during 3Q21 from COVID-19 deep lockdown.
- **Take-Away : 3M Revenue +28.5% YoY and 9M Revenue +10.7% YoY** mainly came from the resumed traffic in all locations especially from Hypermarket stores. Revenue were mainly driven by the NPDs and festive products.
- **Delivery : 3M Revenue +9.4% YoY and 9M Revenue +29.4% YoY** mainly came from the festive, food NPDs, snack boxes, and corporate via stronger alliance with food aggregators

## Gross Profit

Unit : Million Baht




### 3M

**3Q22 %Gross Profit was +3.3% YoY** mainly driven by the higher GP mix from Dine-in Sales which significantly grew +576% YoY from Shopping Mall, Airport, and Hospital stores, less-but-more promotions and campaign design which caused lower %discount, and the lean production control, partially offset with the increase in raw materials and packaging costs

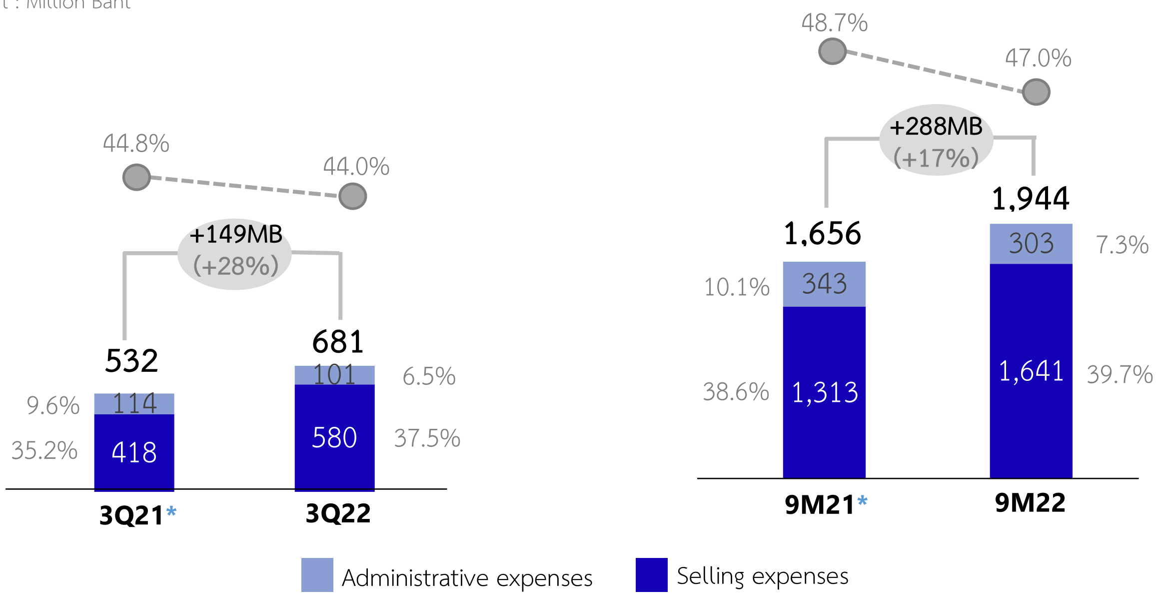
### 9M

**9M22 %Gross Profit was +1.4% YoY** despite of the increase in raw materials and packaging, mainly driven by 1) segmented less-but-more promotions and campaigns design to better fit consumers and to cause lower %discount, 2) higher mix GP from Dine-in increased sales, 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

** Y2021 : Reclassified Store utility expenses from COGS to Selling expenses.*

## Selling expenses and Administrative expenses

Unit : Million Baht




**3M**

**3Q22 %Total SG&A was 44.0% or -0.8% YoY**

- **3Q22 %Selling expenses was 37.5% on Net Sales or +2.3% YoY.** Selling expenses +162MB YoY. The amount increased relatively to Sales with higher COL and rent YoY, partially offset by the labor productivity and transportation efficiency. %Selling expenses increased mainly due to Rental expenses since about 200 stores were temporarily closed during 3Q21 due to the COVID-19 Deep Lockdown. 2022 Rental expenses were mostly back to the original contracts with some negotiated discounts.

- **3Q22 Administrative expenses – 13MB YoY** while % Administrative expenses was 6.5% or -3.1% YoY. The decreased amount was mainly due to the lower depreciation from matured useful life on ERP System and people costs from organization restructuring.

**9M**

**9M22 %Total SG&A was 47.0% or -1.7% YoY**

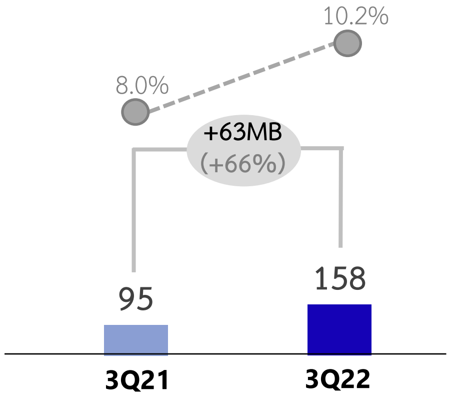
- **9M22 %Selling expenses was 39.7% on Net Sales or +1.1% YoY.** Selling Expenses +328MB YoY. The amount increased relatively to Sales with higher COL and rent YoY, partially offset by the labor productivity and transportation efficiency. Labor has been fulfilled according to the roster while rental expenses were mostly back to the original contracts.

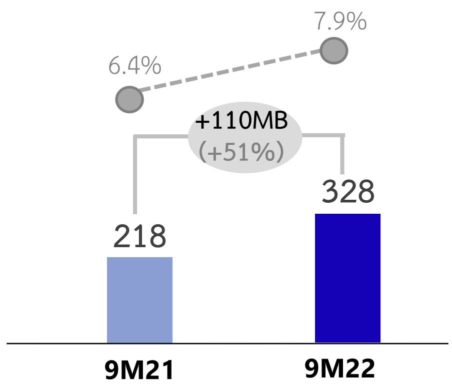
- **9M22 Administrative expenses -40MB YoY** while %Administrative Expenses on Net Sales was 7.3%, -2.8% YoY. The decreased amount mainly came from 1) less store impairment from loss stores, 2) lower depreciation from matured life, 3) lower rent due to space reduction, and 4) people costs from organization restructuring.

** Y2021 : Reclassified Store utility expenses from COGS to Selling expenses.*

## Net Profit – Owners of the parent

Unit : Million Baht

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## Assets / Liabilities and Equity

| Statements of Financial Position | | | | |
|---|---|---|---|---|
| Key Metrics (MB) | As at Sep22 | | As at Dec21 | |
| | MB | % | MB | % |
| Cash and cash equivalents | 946 | 19% | 980 | 19% |
| Financial assets at fair value | 361 | 7% | 360 | 7% |
| Other current assets | 535 | 11% | 558 | 11% |
| **Total Current assets** | **1,842** | **37%** | **1,898** | **37%** |
| Investment in associate | 100 | 2% | 73 | 1% |
| Investment in joint ventures | 197 | 4% | 206 | 4% |
| Property, plant and equipment | 1,555 | 31% | 1,486 | 29% |
| Right-of-use asset | 1,231 | 25% | 1,306 | 26% |
| Other non-current assets | 91 | 2% | 97 | 2% |
| **Total non-current assets** | **3,174** | **63%** | **3,168** | **63%** |
| TOTAL ASSETS | 5,016 | 100% | 5,066 | 100% |
| Short-term borrowings from financial institutions | 8 | 0% | 8 | 0% |
| Current portion of long-term borrowings | 137 | 3% | 55 | 1% |
| Current portion of lease liabilities | 408 | 8% | 443 | 9% |
| Trade and other payables | 762 | 15% | 760 | 15% |
| Other current liabilities | 86 | 2% | 92 | 2% |
| **Total Current Liabilities** | **1,401** | **28%** | **1,358** | **27%** |
| Long-term borrowings from financial institutions | 155 | 3% | 196 | 4% |
| Non-current provision for employee benefits | 186 | 4% | 167 | 3% |
| Lease liabilities | 601 | 12% | 653 | 13% |
| Other non-current liabilities | 69 | 1% | 76 | 2% |
| **Total non-current liabilities** | **1,011** | **20%** | **1,092** | **22%** |
| TOTAL LIABILITIES | 2,412 | 48% | 2,450 | 48% |
| Paid-up Capital | 512 | 10% | 512 | 10% |
| Premium on ordinary shares | 690 | 14% | 690 | 14% |
| Surplus on gain from transfer of business to JV | 80 | 2% | 80 | 2% |
| Legal reserve | 52 | 1% | 52 | 1% |
| Unappropriated | 1,238 | 25% | 1,258 | 25% |
| Other components of shareholders' equity | -11 | 0% | -14 | 0% |
| Non-controlling interests | 43 | 1% | 38 | 1% |
| TOTAL EQUITY | 2,604 | 52% | 2,616 | 52% |
| TOTAL LIABILITIES & EQUITY | 5,016 | 100% | 5,066 | 100% |
| *Authorised share capital* | *515* | | *515* | |
| *Par Value (Baht/Sh.)* | *1.00* | | *1.00* | |
| *No. of share (millions)* | *515* | | *515* | |

**Cash & Cash equivalent** of 946 mb, (34)mb vs. Dec21, The decrease was primarily attributable to dividend payment (348)mb, netted off with the increasing in net cash generated from operating activities

**Property, plant and equipment :** increased +69mb due to investment in stores expansion and renovation 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

**Long-term borrowing :** Net increase of 41 mb mainly from additional borrowing for stores expansion netted off with the repayment

**Retained earnings (20) mb,** mainly due to net profit for the period 328 mb, net with dividend payment 348 mb

*"Strengthen The Core, Create The Next"*


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

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