

**Financial Highlights**

- Q2'19 Net profit\* was at THB 710 million, +7.5% YoY, with net profit\* margin of 11.3%, +20 bps YoY. 1H'19 Net profit\* was at THB 1,599 million, +10.7% YoY, with 1H'19 net profit\* margin of 12.6%, +60 bps YoY. Excluding the impact of additional provision for retirement benefits, the net profit\*margin would be 12.5% for Q2'19 and 13.2% for 1H'19.
- Overall Q2'19 Net Sales were at THB 6,295 million, +5.7% YoY. Domestic beverages continued its growth momentum at 7.3% YoY, and domestic personal care showed 23.7% growth. Overall international business grew 8.7% at constant FX rate. YTD 1H'19, net sales grew 5.0%, contributed by all segments, particularly domestic beverage and personal care grew 5.6% and 13.2% respectively.
- Energy drinks market continued its growth momentum of 5.4% in 1H'19, while the Company maintained energy drinks market share at 53.8%, aligned with our mid-term guidance, by using multi-brand portfolio and consumer-centric marketing strategy. In functional drinks market, C-Vitt also maintained its leadership position, with 1H'19 market share of 25.3% increased by 856 bps YoY. In Brain and Body Boost ("BBB") products which include energy drinks, sport drinks, ready-to-drink coffee and functional drinks, the Company maintained its leadership position with total market share of 30.5%.
- Q2'19 Gross margin improved 400 bps YoY to 35.3%, which brought 1H'19 GM to 35.0% (+330 bps YoY). This was mainly contributed by the performance of "Fit Fast Firm" projects e.g. lower cullet costs, new formulation, lower sugar costs and light-weight bottle, however, somewhat offset by cost increase from natural gas.
- The interim dividend payment of THB 0.35 per share, approximately 66% payout ratio of the consolidated net profit after deducting the legal reserve, was approved and set to be paid on September 13, 2019.

\*Net Profit = Net Profit attributable to owners of the parent

**Financial Performance for Q2'19**

Unit: THB mn	Q2'19	Q2'18	%YoY	1H'19	1H'18	%YoY
<b>Total revenues</b>	<b>6,394</b>	<b>6,049</b>	<b>5.7%</b>	<b>12,906</b>	<b>12,389</b>	<b>4.2%</b>
<b>Total revenues from sales</b>	<b>6,295</b>	<b>5,953</b>	<b>5.7%</b>	<b>12,661</b>	<b>12,063</b>	<b>5.0%</b>
Beverages	5,296	5,028	5.3%	10,617	10,196	4.1%
Personal Care	690	571	20.9%	1,338	1,180	13.4%
Others	309	354	-12.6%	706	687	2.8%
Total other income	99	96	2.5%	245	326	-24.9%
Gross profit	2,221	1,861	19.4%	4,435	3,821	16.1%
SG&A	1,459	1,190	22.6%	2,781	2,452	13.5%
Selling and distribution expenses	989	846	16.9%	1,873	1,769	5.9%
Administrative expenses	470	344	36.6%	908	682	33.1%
EBIT	889	815	9.0%	1,987	1,788	11.1%
EBITDA	1,121	1,077	4.1%	2,460	2,313	6.3%
Profit for the period from continuing operations	721	665	8.4%	1,618	1,452	11.4%
Profit for the period from discontinued operation, net of tax	-	8	-100.0%	-	20	-100.0%
Profit for the period	721	673	7.0%	1,618	1,472	9.9%
Profit attributable to owners of the parent	710	661	7.5%	1,599	1,444	10.7%
<b>Key Ratios (%)</b>						
Gross profit margin (%)	35.3%	31.3%	4.0%	35.0%	31.7%	3.3%
SG&A to net sales ratio	23.2%	20.0%	3.2%	22.0%	20.3%	1.7%
EBIT margin	14.1%	13.7%	0.4%	15.7%	14.8%	0.9%
EBITDA margin (%)	17.8%	18.1%	-0.3%	19.4%	19.2%	0.2%
Net profit margin for the period (%)	11.4%	11.3%	0.1%	12.8%	12.2%	0.6%
Net profit margin attributable to owners of the parent (%)	11.3%	11.1%	0.2%	12.6%	12.0%	0.6%

**Key Change in Segment Grouping**

In 2019, the Company has changed reportable segments. The strategic divisions offer different products and services and are managed separately because they require different business operation and marketing strategies. The new segments are comprised of 3 segments as the following; 1) Beverage 2) Personal Care and 3) Others. C-Vitt and Calpis are now moved to Beverage segment. Others segment includes OEM, healthcare, confectionery and others. Q2'18 and 1H'18 numbers have been restated accordingly.

### Financial Performance Summary for Q2'19 vs. Q2'18

The Company reported Q2'19 total revenues from sales of THB 6,295 million, increased by 5.7% YoY (or THB 342 million), driven by growth in both beverage and personal care businesses. Beverage segment grew from all major categories, including flagship brand M-150, herbal-variant Som In-Sum and Chalarm Black Galingale, and new products like Peptein-Plus and Shark Natural Energy. Personal care segment showed outstanding growth of 20.9% YoY mainly from successful new product launches, while international business grew 8.7% at constant FX rate. However, the reported overseas sales were slightly dropped due to the unfavorable FX impact.

#### Beverage Segment

Total beverage revenues increased by THB 268 million (or +5.3% YoY) to THB 5,296 million in Q2'19. Domestic beverage sales were at THB 4,256 million, THB 289 million higher than the same period of last year (or +7.3% YoY) and our international business showed +9.3% growth YoY at constant FX. However, reported international beverage business was slightly declined from FX impact.

Domestic market: Energy drinks showed favorable growth for both M-150, our flagship product, and herbal variants, which continued its strong growth momentum contributed by 25.1% YoY growth in Som In-Sum and 33.9% YoY growth for overall Chalarm brand as a result of adding Chalarm Black Galingale to the portfolio. Functional drinks continued to grow, driven by both C-Vitt and Peptein (after launching Peptein Plus), strengthening Osotspa's functional drinks portfolio to be number one position in functional drinks market for four consecutive quarters since Q3'18. Despite C-Vitt's supply constraint as the production line undergoing maintenance for debottlenecking during May'19 – Jun'19, C-Vitt sales continued to grow and maintained market share at 22.5% further improved 558 bps YoY. This maintenance helped increasing the production efficiency and expand capacity, leading to at least 20% C-Vitt's sales growth in the 2H'19.

Overseas markets: Total revenues from sales showed at THB 1,040 million in Q2'19, slightly dropped due to FX impact. However, at constant FX, international business sales growth was at 9.3% YoY, where CLM markets booked 5.6% growth YoY.

#### Personal Care Segment

Total personal care revenues increased by THB 119 million (or +20.9% YoY) to THB 690 million from more than 20% sales growth in all brands. Babi Mild growth was mainly driven by the new product launch during the quarter, i.e. Babi Mild Sweet Almond and Organik by Babi Mild ranges. Twelve Plus continued its growth momentum after uplifting brand image together with good offtake for cooling powder and perfume mist launched in 2018, while Exit (our male grooming brand) performed well since introduction of the joint-scheme with BNK 48. In addition, the new pillar for facial and skin care under the brand "Plantstory" was launched during the quarter by launching through e-commerce and some specialty stores.

#### Others Segment

Overall others segment revenues booked at THB 309 million, decreased THB 45 million (or -12.6% YoY), mainly due to lower sales in OEM-Personal care business.

Q2'19 the Company's gross margin improved to 35.3%, +400bps YoY. Gross profit increased by THB 360 million YoY (or +19.4%) to THB 2,221 million in Q2'19. "Fit Fast Firm" project (cost saving project) enabled the favorable gross margin expansion, driving the overall costs down. This year, on top of 2018 on-going saving programs, our focuses will be on packaging optimization, new lighter weight bottles and more formulation optimization.

The Company's total SG&A expense level was at 23.2% of sales, slightly higher YoY, mainly due to more marketing and activation programs to support several new product launches during the quarter and the impact of additional provision for retirement benefits, in which the total amount recorded in the consolidated financial statements approximately THB 96.8 million to reflect severance payment of 400 days of wages stated in the new Labor protection Act.

The Company Q2'19 reported profit for the period was THB 721 million (+7.0% YoY) and the profit attributable to owners of the parent was THB 710 million (+7.5% YoY). Excluding the impact of additional provision for retirement benefits, the net profit attributable to owners of the parent would be THB 786 million (+18.9% YoY).

### Financial Performance Summary for 1H'19 vs. 1H'18

The Company reported 1H'19 total revenues from sales of THB 12,661 million, increased by 5.0% YoY (or THB 598 million), driven by growth in every business segments especially beverage and personal care. C-Vitt continued its momentum with 62.6% growth together with growth in energy drinks from M-150, Som In-Sum and Chalarm Black Galingale. Meanwhile, personal care

showed favorable growth mainly from successful of new product launched in Babi Mild and continued good momentum of twelve plus brands. International business grew 8.7% at constant FX rate. However, the reported overseas sales were slightly dropped due to the unfavorable FX impact.

### **Beverage Segment**

Total beverage revenues increased by THB 421 million (or +4.1% YoY) to THB 10,617 million in 1H'19. Domestic beverage net sales were at THB 8,643 million, THB 459 million higher than the same period of last year (or +5.6% YoY) and our international business showed +8.3% growth YoY at constant FX. However, reported international beverage business was slightly declined from FX impact.

Domestic market: Energy drinks showed favorable growth for both M-150, our flagship product, and herbal variants, which continued its strong growth momentum contributed by 23.4% YoY growth in Som In-Sum sales and 29.7% growth in overall Chalarm brand when adding Chalarm Black Galingale to the portfolio. Despite the supply constraint as the production line undergoing maintenance for debottlenecking during May'19 – Jun'19, C-Vitt continued to maintain its number one position in functional drinks market, driving C-Vitt's market share at 25.3% and overall Osotspa's functional drink market share at 33.6%. This maintenance helped increasing the production efficiency and expand capacity, leading to at least 20% C-Vitt's sales growth in the 2H'19.

Overseas markets: Total revenues from sales showed at THB 1,973 million in 1H'19 with slight dropped 1.9% YoY due to FX impact. However, at constant FX, international business sales growth was at 8.3% YoY in 1H'19, where CLM markets booked 8.0% growth YoY.

### **Personal Care Segment**

Total personal care revenues increased by THB 158 million (or +13.4% YoY) to THB 1,338 million, mainly from new product launch of Babi Mild brand in May'19 (i.e. Babi mild sweet almond and Babi Mild by Organik ranges) and Twelve Plus brand launched in Jun'18 (Twelve Plus perfume mist). Joint-scheme with BNK 48 helped uplifting Twelve Plus brand image and drove sales growth in Exit (our male grooming brand). In addition, the new pillar for facial and skin care under the brand "Plantstory" was launched during the quarter by launching through e-commerce and some specialty stores.

### **Others Segment**

Overall others segment revenues booked at THB 706 million, increased THB 19 million (or +2.8% YoY), mainly due to confectionery sale growth from Botan and new products, including Olé Boost and Olé Mini Sugar Free. However, the growth was partly offset by the decline in OEM-personal care.

1H'19 the Company's gross margin improved to 35.0%, +330bps YoY. Gross profit increased by THB 614 million YoY (or +16.1%) to THB 4,435 million in 1H'19. "Fit Fast Firm" project (cost saving project) enabled the favorable gross margin expansion, driving the overall costs down. This year, on top of 2018 on-going saving programs, our focuses will be on warehouse and distribution optimization, packaging optimization, new lighter weight bottles and more formulation optimization.

The Company's total SG&A expense level was at 22.0% of sales, slightly higher YoY mainly due to more marketing and activation programs to support several new product launches and the impact of additional provision for retirement benefits, in which the total amount recorded in the consolidated financial statements approximately THB 96.8 million to reflect severance payment of 400 days of wages stated in the new Labor protection Act.

The Company 1H'19 reported profit for the period was THB 1,618 million (+9.9% YoY) and the profit attributable to owners of the parent was THB 1,599 million (+10.7% YoY). Excluding the impact of additional provision for retirement benefits, the net profit attributable to owners of the parent would be THB 1,675 million (+15.9% YoY).

### **Dividend**

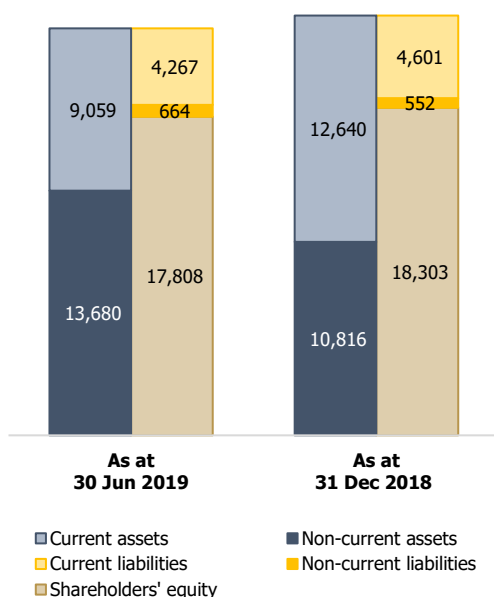
On August 14, 2019, the Board of Directors had approved an interim dividend payment of 0.35 Baht per share (THB 1,051.31 million) from the Company's operating results based on separate financial statements for the period January - June 2019, which showed the net profit of THB 814.8 million and the interim dividends received from the Subsidiaries at the amount of THB 490.0 million, which were approved from the Subsidiaries' Board of Directors in July 2019. The interim dividend is payable on September 13, 2019 (record date on August 28, 2019) and is translated to dividend payout ratio at approximately 66% of the consolidated net profit after deducting the legal reserve.

### Strategic Investment Opportunities

Osotspa perceived the growing potential for proximity channels and consumer trend for convenience in the digital era so the Company entered into share sale and purchase agreement to invest THB 25.5 million or representing 51% of shares in Asia Vending Machine Operation Company Limited, a subsidiary of one of leading vending machine manufacturer in the world. This investment aligns with the strategy to strengthen its distribution channels of the Company's products. The target captive areas will be offices, factories and schools. This investment would create synergies from the expertise of both companies help growing the business and expand the overall market in the future.

### Financial Position

#### Balance Sheet



#### Balance Sheet Breakdown

ASSETS (THB mn)	As at 30-Jun-19	As at 31-Dec-18
Cash and cash equivalents	2,661	4,486
Current investments	2,031	3,500
Trade and other receivables	2,948	3,030
Inventories	1,340	1,557
Other current assets	79	67
<b>Total Current Asset</b>	<b>9,059</b>	<b>12,640</b>
Net PP&E	7,847	6,518
Long term investments	4,277	2,608
Other assets	1,556	1,690
<b>Total Non-Current Assets</b>	<b>13,680</b>	<b>10,816</b>
<b>Total Assets</b>	<b>22,739</b>	<b>23,456</b>

LIABILITIES and EQUITIES (THB mn)	As at 30-Jun-19	As at 31-Dec-18
Trade and Other Payables	3,901	4,131
Other Liabilities	1,030	1,022
<b>Total Liabilities</b>	<b>4,931</b>	<b>5,153</b>
Issued and Paid-Up Share Capital	3,004	3,004
Share Premium	11,848	11,848
Retained Earnings	2,825	3,298
Surplus on Business Combination Under Common Control	353	353
Other Components of SE	(448)	(415)
Non-Controlling Interest	226	215
<b>Total Shareholders' Equity</b>	<b>17,808</b>	<b>18,303</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>22,739</b>	<b>23,456</b>

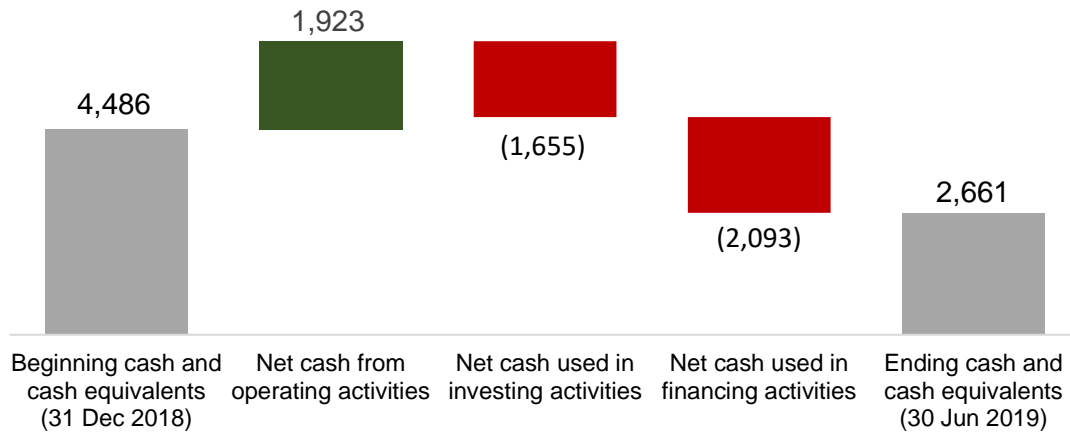
As of 30 June 2019, the Company had total assets of THB 22,739 million, a decrease of THB 717 million (or -3.1%) from 31 December 2018. Cash and cash equivalents decreased by THB 1,825 million, where cash inflow from operation was offset by cash outflow for PPE and dividend paid in Feb'19 and May'19. Current investment decreased by THB 1,469 million due to the shift from short-term to long-term investments (see more details in notes to financial statement 4 Other investments). Net PPE increased by THB 1,329 million from investing in a new glass factory (SGA2) and a new beverage factory in Myanmar).

As of 30 June 2019, the Company had total liabilities of THB 4,931 million, a decrease of THB 222 million (or -4.3%) from 31 December 2018 primarily from lower trade and other payable of THB 230 million.

As of 30 June 2019, the Company had total shareholders' equity of THB 17,808 million, a decrease of THB 495 million (or -2.7%) from 31 December 2018 primarily from lower retained earnings of THB 473 million as the Company paid 2018 dividend to OSP shareholders in Feb'19 and May'19 at total amount of THB 2,072 million, offsetting with profit for the period.


**Cash Flow**

Unit: THB million



As of 30 June 2019, the Company had cash and cash equivalents of THB 2,661 million, decreased by THB 1,825 million from 31 December 2018. The Company had cash flows from operating activities of THB 1,923 million. Net cash used in investing activities THB 1,655 million was mainly from an investing in new glass factory (SGA2), work in progress of beverage manufacturing facilities in Myanmar and new talcum plant. The Company's cash outflow from financing activities of THB 2,093 million was mainly from 2018 dividend paid to OSP shareholders in Feb'19 and May'19 with total amount of THB 2,072 million.

**Financial Ratio Analysis**

	Q2'19	Q2'18	1H'19	1H'18
<b>Liquidity Ratios</b>				
Current ratio (times)	2.1	0.6	2.1	0.6
Number of days of inventory	30	40	32	39
Collection period (days)	43	43	43	43
Accounts payable (days)	42	45	42	43
<b>Profitability Ratios</b>				
Gross profit margin (%)	35.3	31.3	35.0	31.7
EBITDA margin (%)	17.8	18.1	19.4	19.2
Net profit margin for the period (%)	11.4	11.3	12.8	12.2
Net profit margin attributable to owners of the parent (%)	11.3	11.1	12.6	12.0
Return on equity (%) - trailing	28.9	58.1	28.9	58.1
Return on assets (%) - trailing	16.9	17.4	16.9	17.4
<b>Other Ratios</b>				
Total debt to equity (times)	0.3	2.5	0.3	2.5

As Fit Fast Firm project (cost saving project) helped driving the overall costs down, the Company's gross profit margins in 2Q'19 reported at 35.3%, improved 4.0% YoY and in 1H'19 reported at 35.0%, improved 3.3% YoY. Thus, net profit margins attributable to owners of the parent improved from 11.1% to 11.3% in Q2'19 and from 12.0% to 12.6% in 1H'19 thanks to cost saving program, which helped offsetting the increase in SG&A spending.

Q2'19 cash cycle of 31 days, compared with 38 days in Q2'18, came from lower number of days of inventory. High current ratio was at 2.1 times, as the Company had a large amount of cash and current investments from IPO proceeds. Debt to equity ratio was at 0.3 times.



## **APPENDIX: Ratio & Formula**

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### **Liquidity Ratios**

Current ratio (times) = Total current assets / Total current liabilities

Number of days of inventory = Average inventory / (Cost of sales of goods / Number of days in the period<sup>1</sup>)

Collection period (days) = Average trade account receivables before allowance for doubtful account / (Total revenue from sales / Number of days in the period<sup>1</sup>)

Accounts payable (days) = Average account payables / (Cost of sales of goods / Number of days in the period<sup>1</sup>)

### **Profitability Ratios**

Gross profit margin (%) = (Total revenues from sales – Total cost of sales of goods) / Total revenues from sales

SG&A to net sales ratio (%) = (Selling and distribution expenses + Administrative expenses) / Total revenues from sales

EBIT margin (%) = (Profit before income tax expense + Finance Cost) / Total revenues from sales

EBITDA margin (%) = (Profit before income tax expense + Finance Cost + Depreciation and Amortization) / Total revenues from sales

Net profit margin for the period (%) = Net Profit for the period / Total revenues from sales

Net profit margin attributable to the owners of the parent (%) = Net Profit attributable to owners of the parent / Total revenues from sales

Return on equity (%) = Profit for the period / Average total equity

Return on assets (%) = Profit for the period / Average total assets

### **Other Ratios**

Debt to equity (times) = Total liabilities / Total equity

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<sup>1</sup> Number of days in the period is defined to have 360 days in a year. For example, 90 days and 180 days should be used for quarterly and half-year ratio analysis.