

Ref. POL. 125/2019

November 8th 2019

Re: Clarification of the Performance of S & P Syndicate Public Company Limited

Dear The President

The Stock Exchange of Thailand

S & P Syndicate Public Company Limited (the “Company”) and subsidiaries hereby submit the Annual Financial Statements, ending September 30th, 2019 and 2018, together with the clarification of the performance of the Company and subsidiaries as follows:

The Company and Subsidiaries Operating Performance of 3rd Quarter Ending September 30th, 2019

Revenues from Sales and Services

In Q3 2019, the Company and subsidiaries generated revenues from the sales and services in the amount of THB 1,972.71 million decreased from the same period of the previous year in the amount of THB 110.20 million or decreased by 5.29 percent because of the number of restaurants and bakery shops in domestic and overseas countries. The growth of the same store sales of domestic restaurants and bakery shops under the brand “S&P” decreased by 4.00 percent.

For the overseas restaurant business, revenues from the sales and services decreased from the same period of the previous year in the amount of THB 42.70 million or equivalent to the decrease of 27.82 percent which came from the disposal of all shares held in Patara Fine Thai Cuisine Pte. Ltd. (“Patara”) and SK Catering Pte. Ltd. (“SKC”) totaling 11 Thai restaurants in Singapore in Q4 2018.

In Q3 2019, revenues from the foods and bakery wholesales businesses were in the amount of THB 197.04 million decreased by THB 39.59 million or equivalent to 16.73 percent which came from the decrease of sales of the ready to eat foods in convenience stores and modern trade outlets as well as original equipment manufacturer (OEMs)’s products.

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)

In Q3 2019, the Company had earnings before interest, tax, depreciation and amortization (EBITDA) from operation and pursuant Consolidated Financial Statements in the amount of THB 239.61 million decreased by THB 28.50 million or equivalent to 10.63 percent, which came from costs of sales and services in the amount of THB 1,130.86 million increased from 55.84 percent in Q3 2018 to 57.32 percent of revenues from sales and services. In addition, the Company had the increased selling and administration expenses for restaurant and bakery domestic business, which came from the rents of the existing stores and new stores. As a result, the Company's EBITDA margin to total revenues decreased from 12.78 percent to 12.03 percent.

Net Profit

In Q3 2019, the Company and subsidiaries had net profit from operations and pursuant to the Consolidated Financial Statement in the amount of THB 140.83 million decreased from the same period of the previous year by THB 6.98 million, or equivalent to 4.72 percent, which resulted from the decrease of sales of domestic and overseas restaurant business. As a result, the Company's net profit margin to total revenues was equal to 7.07 percent.

Summary of the Company and Subsidiaries Operating Performance for 9 Months Period Ending September 30th, 2019

Revenues from Sales and Services

In 9 months period in 2019, the Company and subsidiaries generated revenues in the amount of THB 5,447.87 million from the sales and services decreased from the same period of the previous year in the amount of THB 221.06 million or equivalent to the decrease of 3.90 percent as a result of the number of restaurants and bakery shops in domestic and overseas countries. The growth of the same store sales of domestic restaurants and bakery shops under the brand "S&P" decreased by 3.20 percent.

For overseas restaurant business, revenue from sales and services decreased from the same period of the previous year in the amount of THB 151.28 million or equivalent to the decrease of 30.57 percent as a result of the disposal of all shares held in Patara Fine Thai Cuisine Pte. Ltd. ("Patara") and SK Catering Pte. Ltd. ("SKC") totaling 11 Thai restaurants in Singapore in the Q4 2018.

In 9 months period in 2019, revenues from the food and bakery wholesales businesses were in the amount of THB 539.61 million decreased by THB 5.38 million or equivalent to 0.99 percent caused by the decrease of sales of the ready to eat foods in convenience stores and modern trade outlets.

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)

In 9 months period in 2019, the Company had earnings before interest, tax and depreciation (EBITDA) from operation and pursuant to the Consolidated Financial Statements in the amount of THB 500.60 million decreased by THB 107.70 million or equivalent to 17.71 percent, which came from the decrease of revenues, the increase of the Company's selling and administration expenses, and the acknowledgement of the past service cost for employee benefit in accordance with the Labor Protection Act (No. 7) B.E. 2562, which announced in the Royal Gazette on April 5th, 2019. This Labor Protection Act stipulates that the severance pay not less than the wage for the work performed in the last 400 days will be eligible to employees who worked for an uninterrupted period of twenty years or more and their employment were terminated due to retirement. This caused a onetime expense in the amount of THB 39.60 million in Q2 2019. As a result, the Company's EBITDA margin to total revenues decreased from 10.61 percent to 9.10 percent.

Net Profit

In 9 months period in 2019, the Company and subsidiaries earned net profit from operations and pursuant to the Consolidated Financial Statements in the amount of THB 228.50 million decreased from the same period of the previous year by THB 58.35 million, equivalent to 20.34 percent, which resulted from the decrease of sales of domestic and overseas restaurant business, the expense from the acknowledgement of the past service cost from employee benefit according to the Labor Protection Act (No. 7) B.E. 2562 in the amount of THB 39.60 million. As a result the Company's net profit margin to total revenues decreased from 5.00 percent to 4.15 percent.

The Financial Statements is attached herewith for your acknowledgement and disseminating to investors accordingly.

Yours Sincerely,

(KamtornSila-On)

President - Production and Finance

S & P Syndicate Public Company Limited