

**Financial Highlights**

- Q4'18 Net profit\* was at THB 789 million, +269.6% YoY. 2018 Net profit\* was at THB 3,005 million, +6.1% YoY. 2018 Net profit\* margin was at 12.0%, compared to 11.2% in 2017.
- 2018 Domestic Beverage including C-Vitt & Calpis grew 2.7% YoY. Total Personal care continued its momentum with 11.5% growth YoY, with 42.8% growth in CLM markets. International business grew 1.5% at constant FX rate, driven by Myanmar growth.
- Overall Revenue from sales was at THB 24,297 million, or -2.9% YoY, driven by Unicharm distribution agreement termination, and 33.7% dropped in OEM sales of glass bottles due to planned furnace repair in early 2018.
- OSP energy drink market share was at 54%. Q4'18 M150 market share was at 37.9% increase by 90bps QOQ. C-Vitt took over leadership position in functional drink market, with Q4'18 market share of 25.0%, leaving 290bps gap to the 2nd player.
- Fitness First project delivered more than THB 700 million cost/expenses saving in 2018, which drove Q4'18 Gross margin to 34.5%, +270bps QoQ.

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

**Financial Performance for Q4'18 and FY18**
**Income Statement Summary**

| Unit: THB millions  | Q4'18 | Q4'17 | % YoY   | 2018   | 2017   | % YoY  |
|---|-------|-------|---------|--------|--------|--------|
| <b>Total revenues</b>   | 6,519 | 6,418 | 1.6%    | 24,971 | 25,340 | -1.5%  |
| <b>Total revenues from sales</b>                              | 6,333 | 6,364 | -0.5%   | 24,297 | 25,027 | -2.9%  |
| Beverages   | 4,690 | 4,829 | -2.9%   | 18,575 | 18,975 | -2.1%  |
| Personal Care   | 675   | 611   | 10.4%   | 2,452  | 2,195  | 11.7%  |
| Supply Chain Services   | 911   | 859   | 6.0%    | 3,063  | 3,645  | -16.0% |
| Other Segments  | 57    | 65    | -12.2%  | 207    | 211    | -1.9%  |
| Total other income  | 186   | 54    | 248.3%  | 674    | 313    | 115.0% |
| Gross profit  | 2,186 | 2,082 | 5.0%    | 7,883  | 8,262  | -4.6%  |
| SG&A  | 1,336 | 1,700 | -21.4%  | 4,947  | 5,033  | -1.7%  |
| Selling and distribution expenses                             | 903   | 914   | -1.2%   | 3,498  | 3,384  | 3.3%   |
| Administrative expenses                                       | 434   | 786   | -44.9%  | 1,449  | 1,649  | -12.1% |
| EBIT  | 1,073 | 472   | 127.4%  | 3,803  | 3,722  | 2.2%   |
| EBITDA  | 1,342 | 736   | 82.4%   | 4,875  | 4,778  | 2.0%   |
| Profit for the period from discontinued operation, net of tax | 0     | -22   | -100.0% | 27     | 40     | -34.1% |
| Profit for the period   | 796   | 238   | 234.3%  | 3,062  | 2,939  | 4.2%   |
| Profit attributable to owners of the parent                   | 789   | 214   | 268.7%  | 3,005  | 2,834  | 6.1%   |
| <b>Key Ratios (%)</b>   |       |       |         |        |        |        |
| Gross profit margin   | 34.5% | 32.7% | 1.8%    | 32.4%  | 33.0%  | -0.6%  |
| SG&A to net sales ratio                                       | 21.1% | 26.7% | -5.6%   | 20.4%  | 20.1%  | 0.3%   |
| EBIT margin   | 16.5% | 7.4%  | 9.1%    | 15.2%  | 14.7%  | 0.5%   |
| EBITDA margin   | 20.6% | 11.5% | 9.1%    | 19.5%  | 18.9%  | 0.6%   |
| Net profit margin for the period                              | 12.2% | 3.7%  | 8.5%    | 12.3%  | 11.6%  | 0.7%   |
| Net profit margin attributable to the owners of the parent    | 12.1% | 3.3%  | 8.8%    | 12.0%  | 11.2%  | 0.9%   |

In September 2018, the Company completed divestment of Interactive Communications – a subsidiary of the group - and booked gain on sales of investment of THB 12.3 million before tax. As the Company completely divested out of the media business, this transaction has led to the classification in the Company's income statement in Q3'18 by taking out all related items in the financial statement and combined them into one line below corporate tax expense called "Profit for the period from discontinued operation, net of tax" (See Note 7 to our interim financial statements for the three-month and for the nine-month periods ended 30 September 2018 for more details).

In November 2018, the Company disposed White group PCL, whose businesses comprise of industrial chemicals trading, rental property and maintenance services. The Company booked a net marginal gains from divestment, as equity gain/loss from White Group performance were recorded on a quarterly basis.

### Financial Performance Summary for Q4'18 vs. Q4'17

The Company reported Q4'18 total revenues from sales of THB 6,333 million, slightly drop by 0.5% YoY (or THB -31 million). The reasons for total revenues decline were 1) Lower OEM businesses, especially OEM bottles sales (-33.7%), 2) unfavorable FX impact on our international business and 3) Lower Cambodia beverage sales. While Q4'18 Domestic Beverages and C-Vitt and Calpis grew by 6.5% and domestic Personal Care showed 7.2% growth.

#### **Beverages Segment**

Domestic beverages sales were at THB 3,837 million or THB 59 million higher than Q4'17 (or +1.6% YoY) while international beverages business declined by 15.6%, from FX impact and unfavorable Cambodia performance. At constant FX, our international business showed stable growth. As a result, total revenues from sales of Beverages segment booked at 4,690 million, decreased by THB 139 million (or -2.9% YoY) in Q4'18. However, when combining C-Vitt and Calpis (reported under Supply Chain Services) with domestic beverages sales, Thailand's beverages portfolio grew by 6.5% YoY.

Domestic market: M-150 grew by 1.4%. Chalarm continued its strong momentum after the newly launched Black Galingale variant in August 2018 where sales grew +17.2% YoY. Som In-Sum growth remained strong (+37.8% YoY).

Overseas markets: Total revenues from sales showed at THB 853 million in Q4'18, declined by THB 198 million (or -18.9% YoY), due to FX impact and weaker sales in Cambodia. Myanmar sales at constant FX grew double digits.

#### **Personal Care Segment**

Total Personal Care revenues increased by THB 64 million (or +10.4% YoY) to THB 675 million, mainly from international sales with a favorable growth of 40.3% YoY. Domestic sales increased by 7.2% YoY driven by the momentum of new products launched in previous quarter (Q3'18), on top with Twelve Plus campaign with BNK48 (Girl Group) in Q4'18. Q4'18 growth was affected from high last year base from successful launch of Babi Mild White Sakura in October 2017.

#### **Supply Chain Services Segment**

C-Vitt drove the segment growth with its strong Q4'18 revenue increase by 111.2% YoY. After the capacity and distribution expansion in Q2'18, C-Vitt is now a number one brand in functional drink market with market share of 23.3% in Q3'18, and improve to 25.0% in Q4'18, according to Nielsen. On the other hands, OEM sales were -34.2% YoY. Overall supply chain services segment revenues booked at THB 911 million, increase THB 52 million (or +6.0%) YoY.

Q4'18 the Company's gross margin improved to 34.5% or +270bps QoQ. Gross profit increased by THB 105 million YoY (or 5.0%) to THB 2,186 million in Q4'18. The big improvement was resulted from Fitness First (cost saving project), which drove the overall costs down.

The Company's total SG&A decreased by THB 363 million or -21.4% YoY to THB 1,336 million in Q4'18 which mostly due to the absence of various non-recurring expenses booked under administrative expenses in Q4'17 (e.g. provision for Kenya court case, expenses related to company's reorganization). Selling and distribution expenses declined by -1.2% YoY as well as slightly lower advertising and promotional spending as a percentage to sales. In addition, administrative expenses declined by -44.9% YoY in Q4'18 due to last year's various extra expenses aforementioned.

The Company Q4'18 reported profit for the period was THB 796 million (+234.3% YoY) and the profit attributable to owners of the parent was THB 789 million (+269.6% YoY).

### Financial Performance Summary for 2018 vs. 2017

2018 Domestic Beverage sales including C-Vitt & Calpis\*\* grew by 2.7%. Total Personal Care showed 11.7%, driven by growth from international businesses in CLM (+42.8% YoY). Total revenue from sales reported at THB 24,297 million, decline by 2.9% YoY, mostly driven by Unicharm distribution agreement termination since Mar 2017. Taking out the effect of Unicharm absence, 2018 normalized revenues declined by 0.7%, due to lower OEM sales (-31.5% YoY), unfavorable performance in Cambodia and FX impact on overall international businesses. However, at constant FX, our international business showed positive growth.

#### **Beverages Segment**

2018 Total revenues from sales of Beverages segment booked THB 18,575 million, declined by THB 400 million YoY (or -2.1%). However, Domestic Osotspa's beverage sales, including C-Vitt and Calpis\*\*, grew 2.7% YoY. C-Vitt itself grew by +74.6% YoY after capacity and distribution expansion in mid-2018.

\*\* C-Vitt & Calpis are included in Supply Chain Services segment

The success of our small brands with herbal benefits help stabilizing overall domestic sales. A success of Som In-sum repositioning in late 2017 has continued to grow the sales contribution in 2018 by 109.1% YoY. Moreover, the recently launched Chalarm Black Galingale in August 2018 also turned Chalarm sales to near breakeven (-0.7% YoY in 2018, improved from -15% YoY pre-launch to +18.0% YoY post launch of Chalarm Black Galingale). Also, M-Presso (NPD launched in February 2018) contributed to the Beverages sales this year.

From aforementioned, Domestic sales contribution remained stable at THB 14,902 million (THB 65.0 million lower than 2017, or -0.4% YoY). The Company has maintained its energy drink market share at 54.0% in 2018 as per mid-term strategy guidance, according to Nielsen.

However, our international business showed a decline in revenue by THB 335 million YoY (or -8.4%) to THB 3,673 million in 2018, driven by FX impact and weaker sales in Cambodia. Myanmar sales at constant FX grew double digits.

#### **Personal Care Segment**

Total revenues from sales of Personal Care segment improved by THB 257 million YoY (or +11.7%) to THB 2,452 million in 2018 driven by sales from Babi Mild (+13.5% YoY to THB 1,637 million in 2018) as well as Twelve Plus (+10.1% YoY to THB 705 million in 2018). Domestic sales for personal care grew +8.5% to THB 2,165 million in 2018 driven by both Babi Mild (+10.1% YoY) and Twelve Plus (+7.4% YoY). We believe both brands will continue to reap out benefit from being more focus (after SKU rationalization), having margin accretive new products launches and a cautious and active evaluation of advertising and promotional spending. In overseas markets, total revenue from sales improved by THB 86 million YoY (or +42.8%) to THB 287 million.

#### **Supply Chain Services Segment**

Total revenues from sales of Supply Chain Services decreased by THB 582 million YoY (or -16.0%) to THB 3,063 million in 2018 driven mostly by revenue decline from termination of Unicharm's distribution business (THB -579 million YoY) in March 2017 and also from lower revenue from sales of OEM products (-31.5% YoY) especially OEM bottle sales (-33.7% YoY) which dropped from major maintenance of a furnace in Ayutthaya. Meanwhile, sales from C-Vitt has continued to outperform last year especially after completed capacity expansion in mid-2018 (+74.6% YoY in 2018).

The Company's gross profit was THB 7,883 million in 2018. Overall gross profit margin for the Company was 32.4% (compared with 33.0%). Fitness first (cost saving projects) helps mitigating cost increase impact in 1) higher listing fees for new product launches in both beverage and personal care, 2) key material cost increase, particularly cullet costs in 1H18, and natural gas price increase, and 3) higher conversion costs from lower OEM sales.

The Company's total SG&A decreased by THB 86 million YoY (or -1.7%) to THB 4,947 million. Administrative expenses was lower by THB 200 million (-12.1% YoY) from lower personal costs and one-time item in Q4'17, i.e. provision for Kenya court case. However, the company invested more on A&P to support new product launch and relaunches in both beverages and personal care. Lastly, Our R&D spending increase by 44% YoY to THB 54 million in 2018.

In 2018, the Company booked THB 158 million gain on disposal of investment, mainly in our media businesses and White group.

The Company reported profit for the period of THB 3,062 million (+4.2% YoY). Net profit\* of THB 3,005 million (+6.1% YoY), or net profit\* margin of 12.0%

#### **2019 Business outlook**

Osotspa 2019 strategy and revenues growth target are consistent with mid-term strategy guidance, which the Company expect revenues to grow mid-single digit. The company plan to launch 2-4 innovations in beverages portfolio, particularly focus on functional drink. Domestic energy drink focuses remain with our core brand, M150, and small brands with herbal benefits. Som In-sum and Chalarm Black Galingale will be further strengthen. For functional drink, C-Vitt remains a key driver, on top with new product launches. Regarding Personal Care, our two key brands, Babi Mild and Twelve Plus, will be further strengthen, on top with new pillar launches in facial and skin care segments. CLM remain our key markets outside Thailand. Myanmar is the main market, where key jobs to be done are to further strengthen our core brands, namely Shark Myanmar and M150, and implement new route-to-market model. Our new manufacturing facility is expected to be completed by the end of 2019, and Osotspa will be able to fully capture manufacturing margin afterward. Moreover, the company expect to turnaround our OEM sales, particularly OEM beverage sales after the completion of furnace repair in Q2 2018.

On profitability side, the Company continues to put our best effort on margin improvement program through Fitness First Project. 2019 benefits will come from continuation of 2018 Fitness First program, and new lighter weight bottles, warehouse and distribution optimization, packaging optimization and more on product formulations optimization. The company expect improvement in beverage gross margin, particularly from cost efficiency through key material cost stabilization and conversion

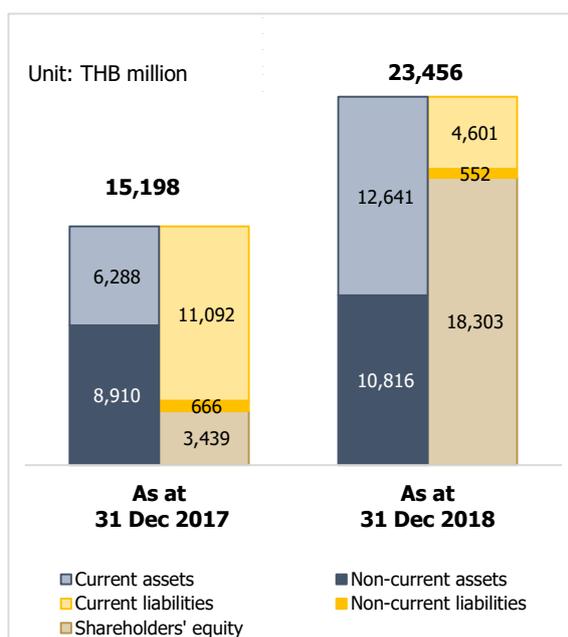
\*Net Profit = Net Profit attributable to owners of the parent

cost improvement after commissioning of new glass plant at The Siam Glass Ayutthaya (SGA2), which expect to start commissioning in mid-2019. Personal Care gross margin improvement will be driven by premiumization and mix transition. 2019 overall profitability target are in-line with our mid-term business plan.

The company also explores new markets entry for beverage products, where Vietnam and China are in our interests. The studies were kick off and progress as planned in both countries. Moreover, the company sees potential in growing vending machine channel, where potential partner has been identified and the company expect to close the deal within 2019.

## Financial Position

### Balance Sheet



### Balance Sheet Breakdown

| ASSETS<br>(THB mn)                             | As at<br>31 Dec 2017 | As at<br>31 Dec 2018 |
|--|----------------------|----------------------|
| Cash and cash equivalents                      | 376                  | 4,486                |
| Trade and other receivables                    | 2,837                | 3,030                |
| Inventories                                    | 1,744                | 1,557                |
| Other current assets                           | 145                  | 3,567                |
| Non-current assets classified as held for sale | 1,186                | -                    |
| <b>Total Current Assets</b>                    | <b>6,288</b>         | <b>12,641</b>        |
| Net PP&E                                       | 6,933                | 6,518                |
| Long term investments                          | 1,222                | 2,608                |
| Other assets                                   | 754                  | 1,690                |
| <b>Total Non-Current Assets</b>                | <b>8,910</b>         | <b>10,816</b>        |
| <b>Total Assets</b>                            | <b>15,198</b>        | <b>23,456</b>        |

| LIABILITIES and EQUITIES<br>(THB mn)                 | As at<br>31 Dec 2017 | As at<br>31 Dec 2018 |
|--|----------------------|----------------------|
| Trade and other payables                             | 4,338                | 4,131                |
| Short term loans                                     | 6,082                | -                    |
| Other liabilities                                    | 944                  | 1,023                |
| Liabilities classified as held for sale              | 394                  | -                    |
| <b>Total Liabilities</b>                             | <b>11,758</b>        | <b>5,153</b>         |
| Issued and paid-up share capital                     | 231                  | 3,004                |
| Share Premium  | -                    | 11,848               |
| Retained earnings                                    | 3,011                | 3,298                |
| Surplus on business combination under common control | 328                  | 353                  |
| Other components of SE                               | (240)                | (415)                |
| Non-Controlling Interest                             | 109                  | 215                  |
| <b>Total Shareholders' equity</b>                    | <b>3,439</b>         | <b>18,303</b>        |
| <b>Total Liabilities &amp; Equity</b>                | <b>15,198</b>        | <b>23,456</b>        |

As of 31 December 2018, the Company had total assets of THB 23,456 million, increase of THB 8,259 million (or +54.3%) from 31 December 2017. Cash and cash equivalents increased by THB 4,110 million driven by cash generated from operations (see cash flow analysis). IPO proceeds were partly invested in short and long term debt securities resulting in THB 3,422 million increase in other current assets and THB 1,386 million increase in long term investments. (see more details in financial statement note 6).

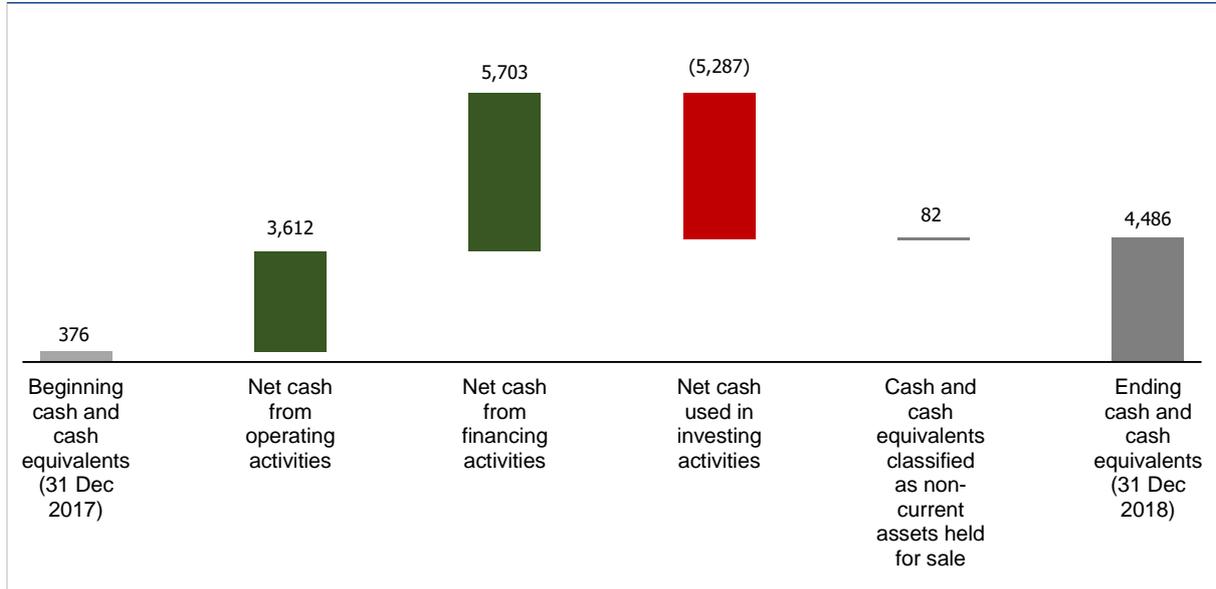
As of 31 December 2018, the Company had total liabilities of THB 5,153 million, a decrease of THB 6,605 million (or -56.2%) from 31 December 2017 primarily from net repayment in short-term loans of THB 6,082 million by using IPO proceeds, lower trade and other payables of THB 207 million, and a decline in liabilities classified as held for sale (THB 394 million) post-divestment of Future Group.

As of 31 December 2018, the Company had total shareholders' equity of THB 18,303 million, an increase of THB 14,864 million from 31 December 2017 which were driven by 2018 consolidated profit attributable to owners of the parent of THB 3,005 million combined with an increase in paid-up capital and share premium of THB 14,621 million and was partly offset by dividend payments of THB 2,742 million paid to the owners of the Company in 2018.



**Cash Flow**

Unit: THB millions



As of 31 December 2018, the Company had cash and cash equivalents of THB 4,486 million, increased by THB 4,110 million from 31 December 2017. The Company had cash flows from operating activities of THB 3,612 million. Net cash from financing activities increased by THB 5,703 million from IPO proceeds of THB 14,723 million, offsetting by loans repayment of THB 6,095 million and total dividends payment of THB 2,809 million (including dividend paid to non-controlling interests). The Company's cash outflow from investing activities were mainly for PPE acquisition of THB 1,255 million, leasehold rights acquisition at OSP Myanmar of THB 364 million and investment in debt securities of THB 5,192 million, however, offset by THB 1,456 million cash inflow from proceeds from disposal of subsidiaries and associates.

**Financial Ratio Analysis**

|  | 4Q18 | 4Q17 | 2018 | 2017 |
|--|------|------|------|------|
| <b>Profitability Ratios</b>                                |      |      |      |      |
| Operating gross profit margin (%)                          | 34.5 | 32.7 | 32.4 | 33.0 |
| Operating EBITDA margin (%)                                | 20.6 | 11.5 | 19.5 | 18.9 |
| Net profit margin for the period (%)                       | 12.2 | 3.7  | 12.3 | 11.6 |
| Net profit margin attributable to owners of the parent (%) | 12.1 | 3.3  | 12.0 | 11.2 |
| Return on equity (%) - trailing                            | 28.2 | 72.1 | 28.2 | 72.1 |
| Return on assets (%) - trailing                            | 15.8 | 18.5 | 15.8 | 18.5 |
| <b>Efficiency Ratios</b>                                   |      |      |      |      |
| Number of days of inventory                                | 35   | 38   | 36   | 37   |
| Collection period (days)                                   | 42   | 43   | 45   | 51   |
| Accounts payable days                                      | 43   | 40   | 43   | 41   |
| <b>Other Ratios</b>  |      |      |      |      |
| Current ratio (times)                                      | 2.75 | 0.57 | 2.75 | 0.57 |
| Total debt to equity (times)                               | 0.28 | 3.42 | 0.28 | 3.42 |

The company's operating gross profit margins was 34.5% in Q4'18 compared to 32.7% in Q4'17. SG&A to net sales ratios of 21.1% in Q4'18 compared with 26.7% in Q4'17, the Company's EBITDA increased from 11.5% in Q4'17 to 20.6% in Q4'18 and net profit margins improved from 3.3% in Q4'17 to 12.1% in Q4'18. Last year, the company booked THB 132 million DTL for sale of Future Group in Q4'17.

Q4'18 cash cycle of 34 days, compared with 41 days in Q4'17, came from lower inventory, and better cash collection. High current ratio at 2.75 times, as the company has high cash and current investments from IPO proceeds. As a result, debt to equity ratio drop to 0.28 times.



## **APPENDIX: Ratio & Formula**

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### **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

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

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

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

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

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

### **Liquidity Ratio**

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

### **Efficiency Ratios**

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

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

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

### **Leverage 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.