



Malee Group Public Company Limited

Q3/2018 Opportunity Day

23 November 2018

Disclaimers

The information contained herein is intended to represent the Company's operating and financial position at a given point in time and may also contain forward looking information which only reflects expectations based on the prevailing geo-political, economic and non-controllable factors. Such information has been obtained from sources believed to be most reliable and the means in analyzing and preparation of such information for disclosure are based on approve practices and principles in the investment industry. The views are based on assumption subject to various risks and uncertainties and no assurance is made as to whether such future events will occur. No assurance is made as to the accuracy or completeness of information presented in this document.

Please note that the Company has agreed that any all information in connection with CMG products and manufacturing activities shall be kept strictly confidential and not be disclosed to any third party.



AGENDA

Company Overview

Business Update

Results of Operations and Profitability

Forward Looking



Group Structure

Subsidiary

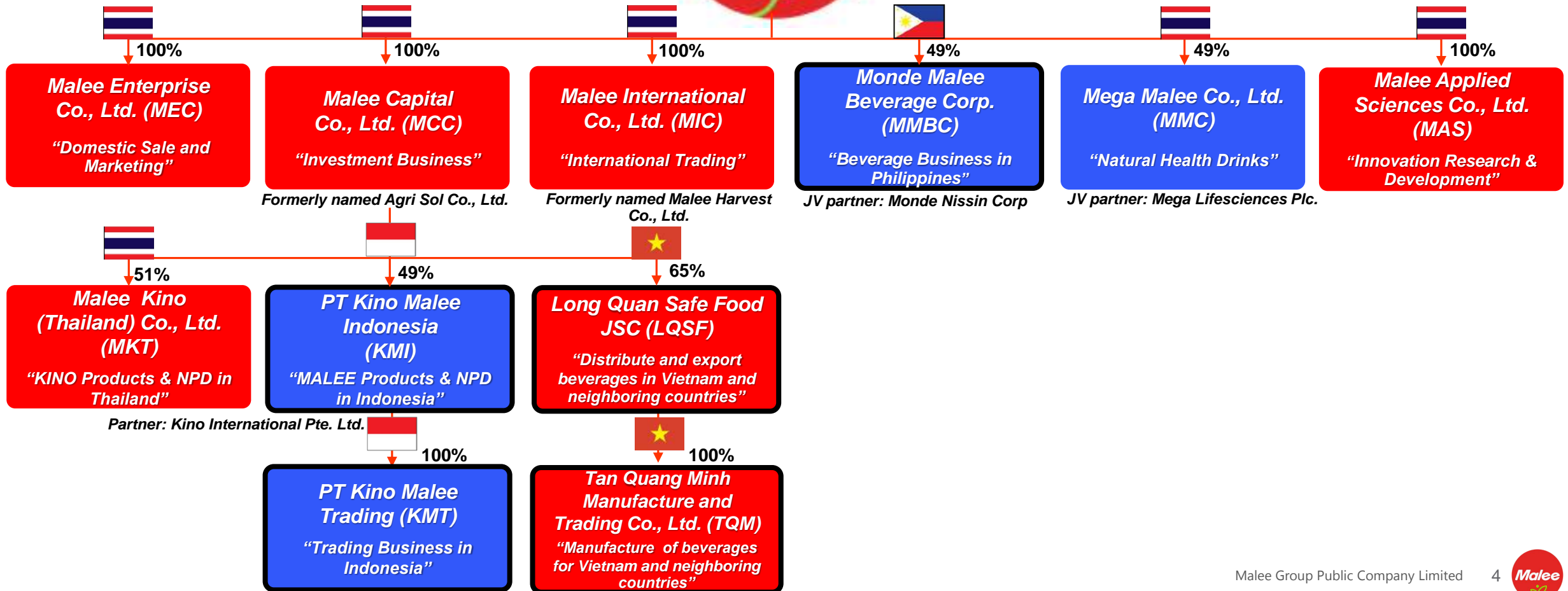
JV/ Associate

Overseas Entity



Malee Group Plc 

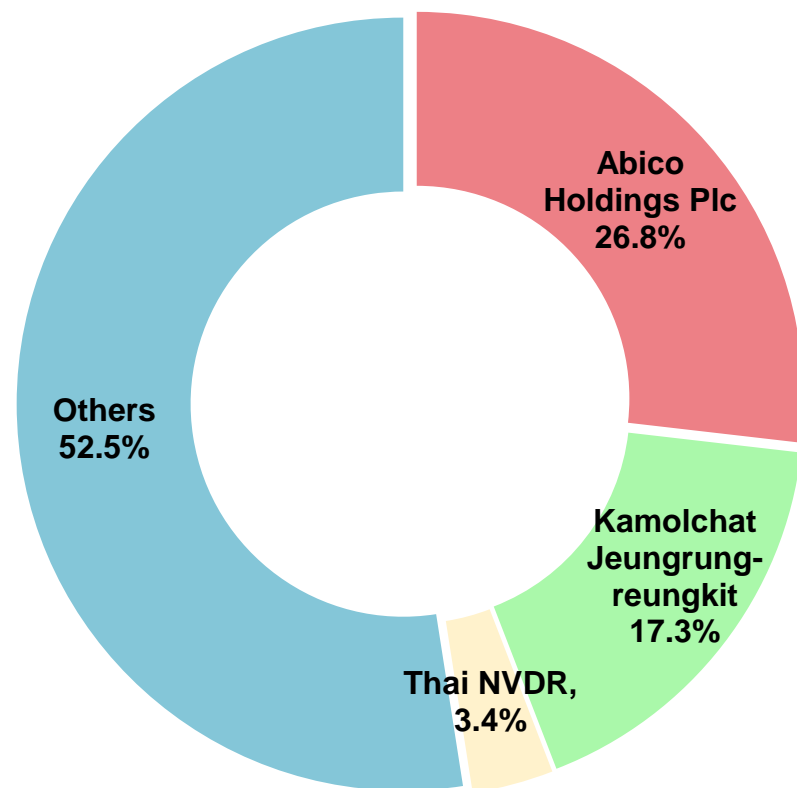
A leading manufacturer, distributor, and exporter of fruit juices, beverages, and canned fruits.



Shareholding Structure & Share Information

Shareholding Structure

(As of 8 May 2018)



Share Information

(As of 20 November 2018)

Stock Symbol:	MALEE
Industry and Sector:	Agro & Food Industry / Food and Beverage
No. of Listed Shares:	280,000,000 Shares
Registered Capital:	THB 140,000,000
Paid-up Capital:	THB 140,000,000
Par Value:	THB 0.50 per Share
Listing Date:	13 March 1992
Foreign Limit:	49% (available 47.1%)
Dividend Policy:	Not less than 50% of the net profit from normal operation according to consolidated financial statements after deduction of tax revenue and legal reserve. However, actual payments will depend on cash flows and investment plans of the Company's and its affiliates as well as other necessities as the Board of Directors deems appropriate.
Market Capitalization:	2,254MB or 68MUSD
Free Float:	48.63%

Milestones

On 2 February 1978, **Malee Sampran Factory Co., Ltd.** was established with capital of 10MB as a manufacturer and distributor of canned food and canned fruits.

On 3 March 1992, MALEE was listed on the Stock Exchange of Thailand (SET).

On 15 May 1998, the Company's name was changed to **Malee Sampran Plc.**

- On 12 January 2017, the Company set up a new subsidiary named Malee Applied Sciences Co., Ltd. (**MAS**)
- On 30 October 2017, **MCC** signed a joint venture agreement with PT Kino Indonesia Tbk (**KINO**) to set up 2 joint venture companies in Thailand and Indonesia.

1978

1981

1992

1995

1998

2016

2017

2018

The Company expanded its production base on the land of 30 rais in Sampran District, Nakhon Pathom Province.

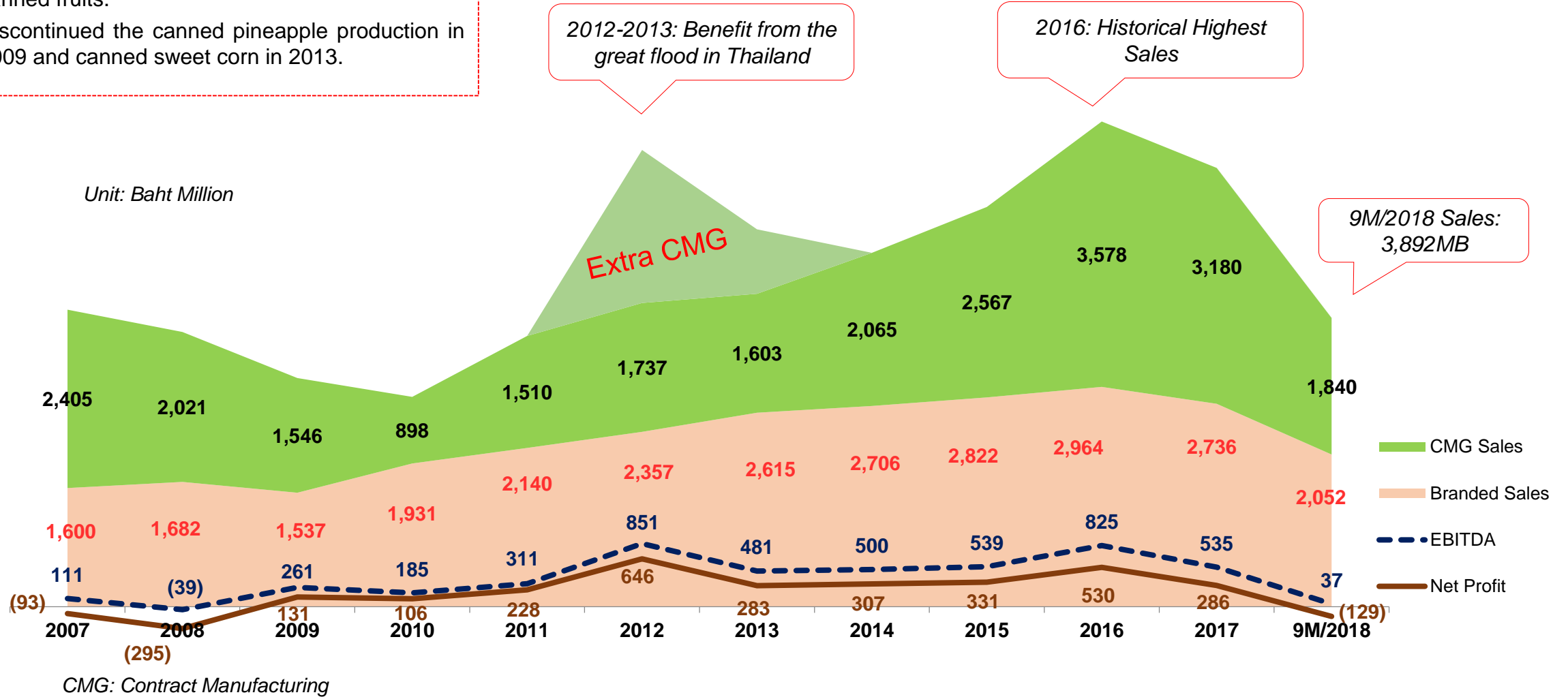
In April 1995, **Abico Holdings Plc** acquired 40% from the existing shareholders.

- In Q1/2016, MALEE, together with Monde Nissin Corp (**MNC**) set up a joint venture company in the Philippines named Monde Malee Beverage Corporation (**MMBC**)
- On 12 May 2016, the Company's name was changed to **Malee Group Plc**
- On 22 August 2016, the Company signed a JV agreement with Mega Lifesciences Plc (**MEGA**) to set up Mega Malee Co., Ltd. (**MMC**), in order to develop natural health-focused RTD products.

On 27 April 2018, **MCC** has completed its acquisition of 65% ownership in Long Quan Safe Food JSC (**LQSF**), which owns Tan Quang Minh Manufacture and Trading Co., Ltd. (**TQM**), a manufacturer and distribution of consumer products in Vietnam.

Historical Performance

- Prior to 2009, major contribution of CMG was from canned fruits.
- Discontinued the canned pineapple production in 2009 and canned sweet corn in 2013.



Malee Brand Portfolio

Malee

Daily Nutrition



Malee 100% UHT Fruit Juice



Malee 100% Pasteurized Fruit Juice



Malee 100% HPP Fruit Juice



Malee Coco



Malee Nutrient



Malee i-Corn

Functionality



Malee Healthi Plus



Malee Light

Tactical



Malee Food Service



Malee Tropical



Malee Canned Fruit

Canned Fruit



First Choice



Farmer

OTHERS

Dairy Product

Chokchai Farm



UHT



Pasteurize



Milk Tablet

Other Beverages



TurBusta Maxx (RTD Coffee)



Fizza Salty Lemon (Carbonated)

Others



New Products Highlights: High-end Product



New Product Highlights: Mass Product



New Products Highlights: DR.DRINK from Mega Malee



DR. DRINK AK-TIV

Dr. Drink AK-TIV features the natural goodness from rosehip, ginger, and turmeric mixed with pure fruits in order to relieve the pain of joints caused by daily activities and intense exercises on your joints, e.g. walking, running, and cycling.



DR. DRINK D-GEST

Dr. Drink D-GEST features the natural goodness from turmeric, lemongrass, ginger mixed with pure fruits in order to improve digestive function, to naturally help balance digestive enzymes, and to treat common digestive problems such as GERD, bloating, and flatulence.

New Products Highlights: Personal Care Products from Malee Kino

ellips™

Hair Care Products



OVALE™

Facial Cleanser Products



Sasha

Oral Care Products



Subsidiary/Joint Venture Portfolio

LQSF (Vietnam)



MMBC (Philippines)



MAS (Thailand)



Mega Malee (Thailand)



Malee Kino (Thailand)



Kino Malee (Indonesia)

Food and Beverages – to be launched in Q1/2019

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Business Update

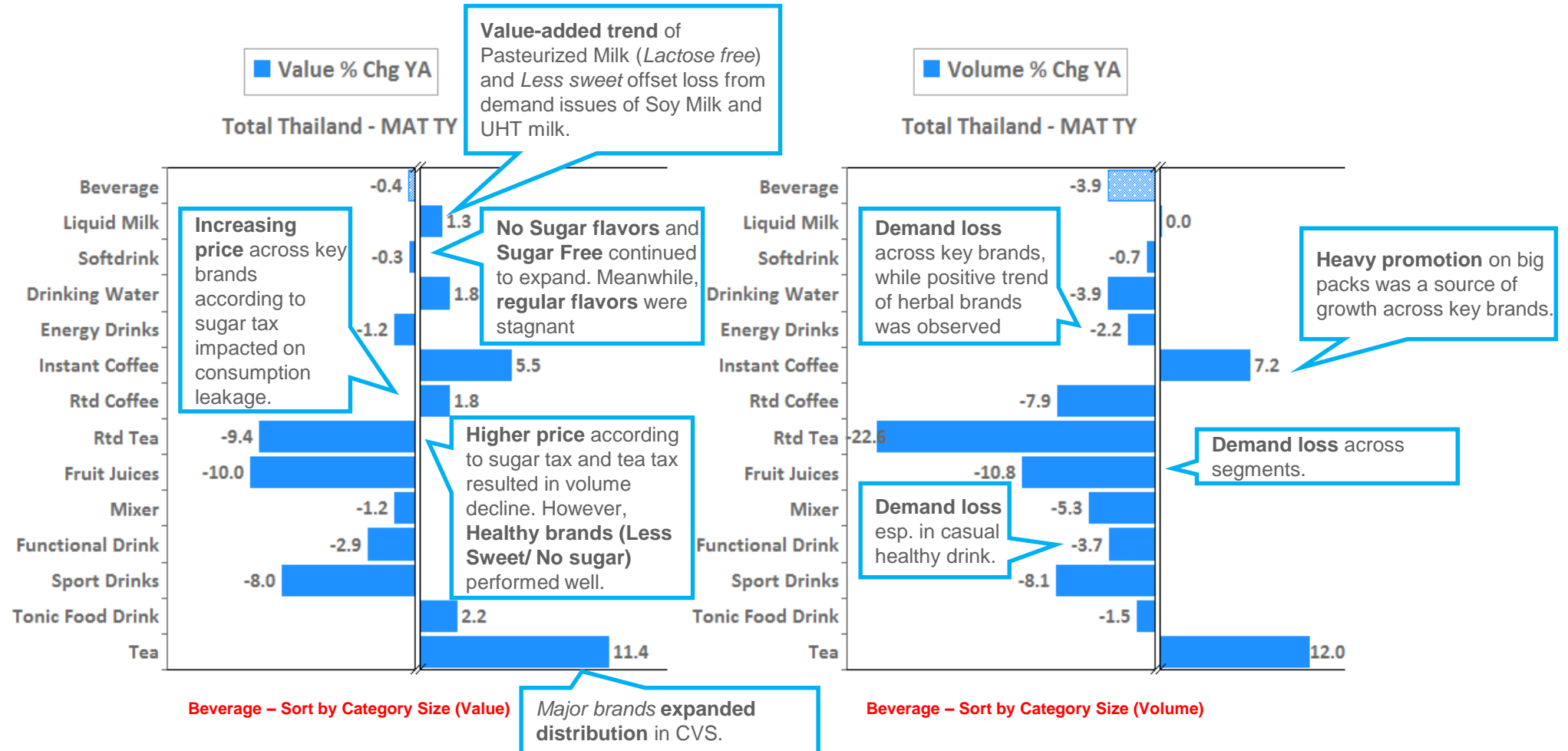
Results of Operations and Profitability

Forward Looking



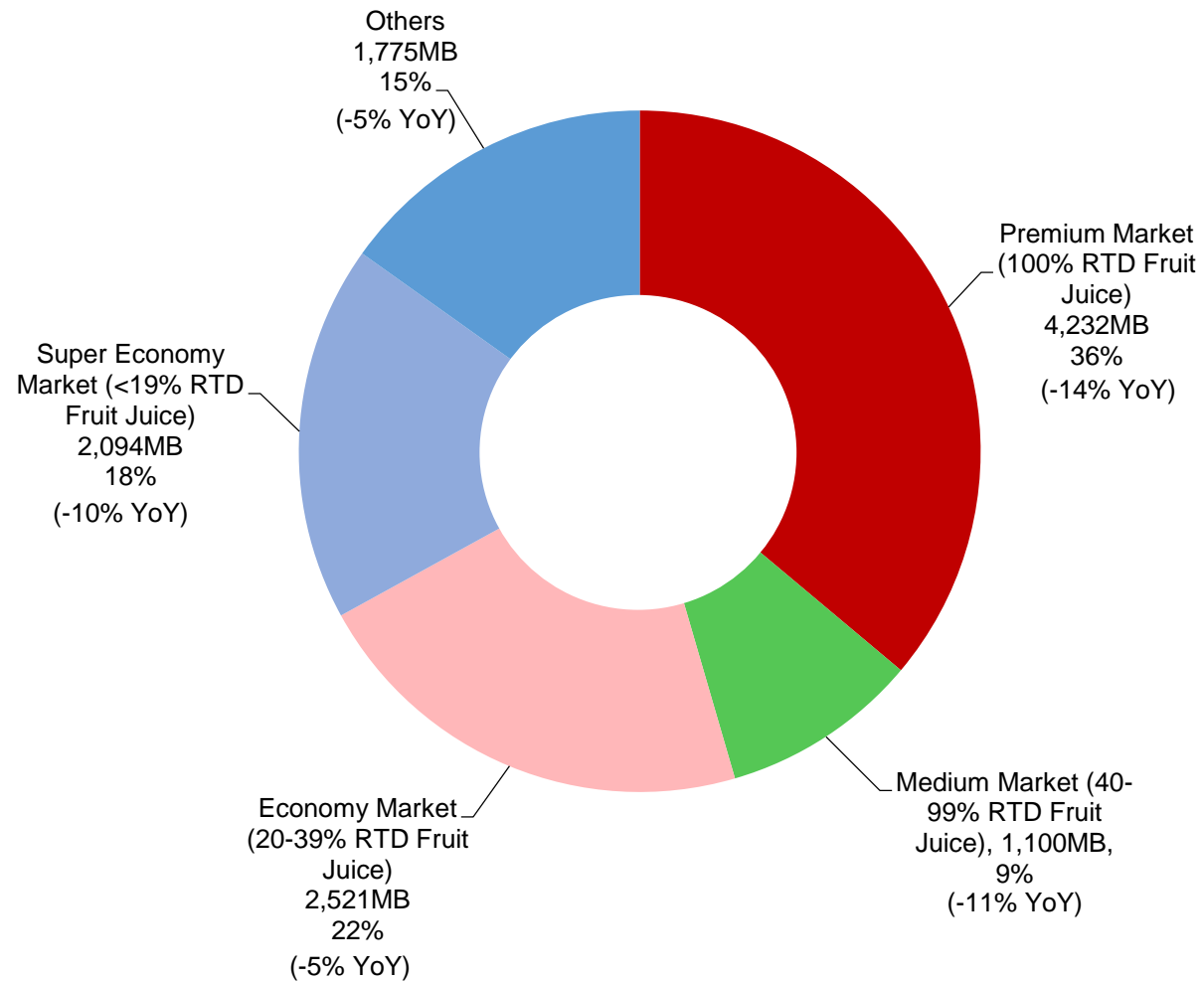
Domestic Beverage Market: MAT September 2018

Demand loss remained the key issue across categories. Additionally, tax increase put pressure on consumption and limited category growth. However, value-added products continued to perform well and helped to ease loss.



Domestic RTD Fruit Juice Market

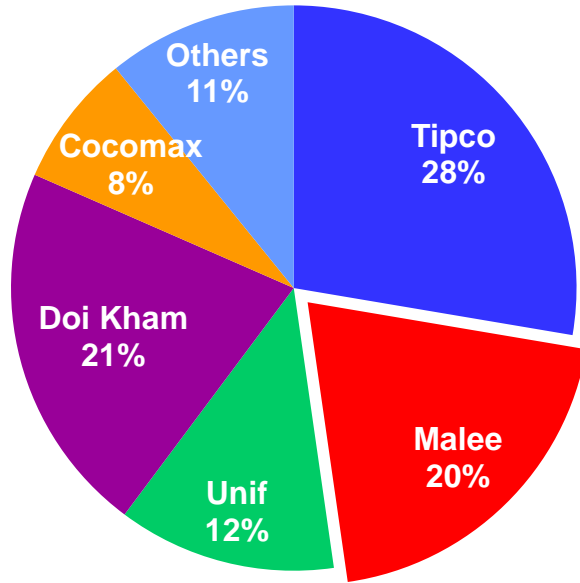
MAT Sep 2018 Market Value of 11,721MB, a Decrease of 10% YoY



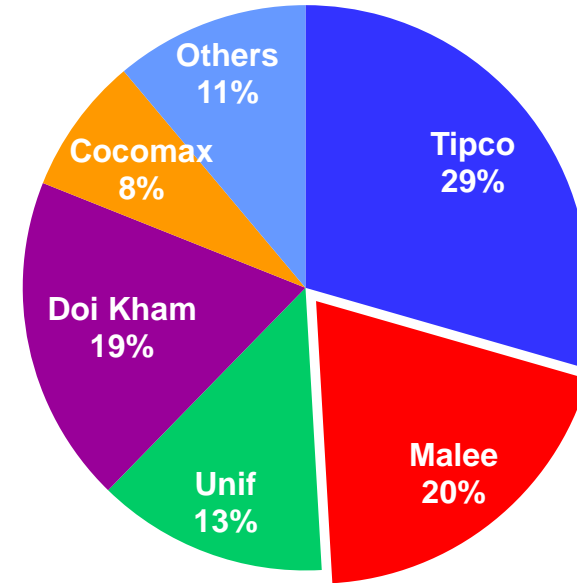
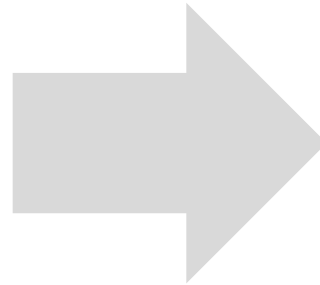
Source: Nielsen

Domestic RTD Premium Fruit Juice UHT Market Share

MAT Sep 2018 Market Value of 3,939MB, a Decrease of 15% YoY



MAT Jun 2017

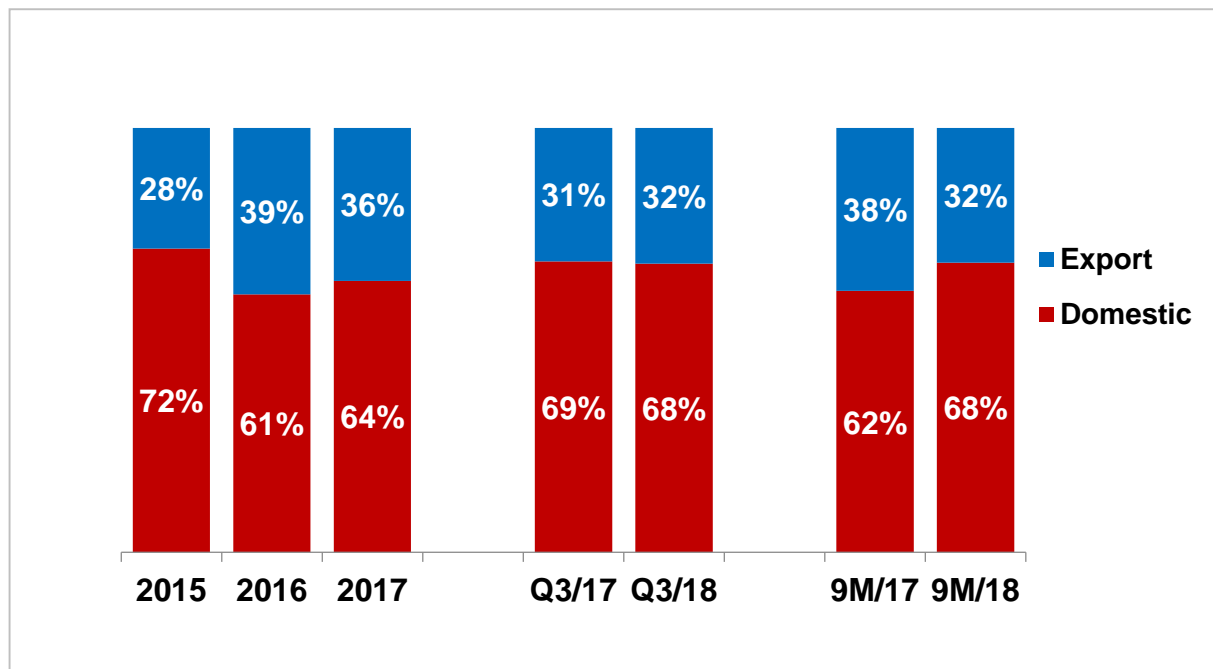


MAT Jun 2018

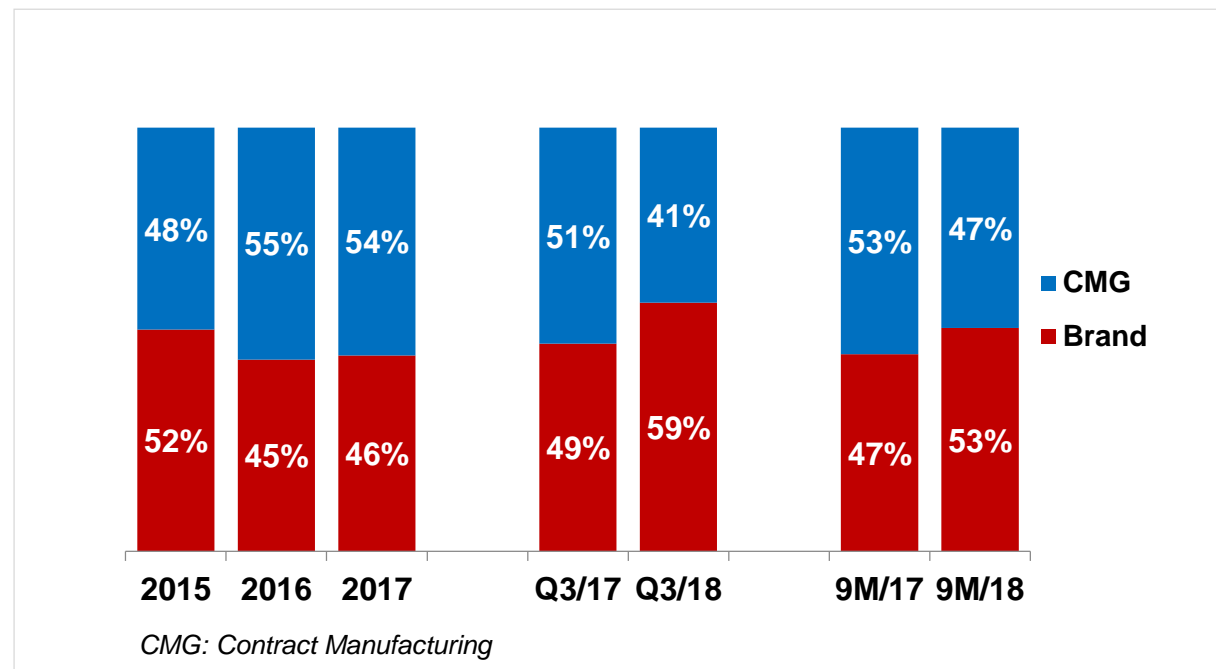
Source: Nielsen

Sales Structure

Domestic : International Business



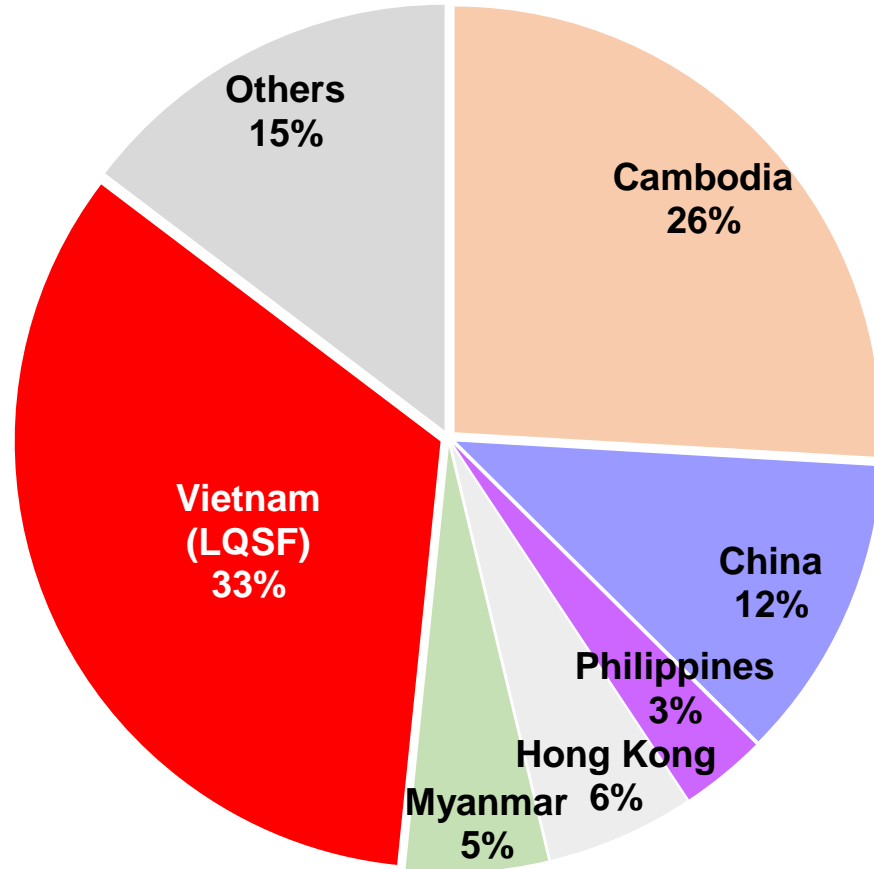
Brand : Contract Manufacturing



- Domestic Sales
 - Q3/2018 : -20% YoY
 - 9M/2018: -2% YoY
- Export Sales
 - Q3/2018 : -18% YoY
 - 9M/2018: -27% YoY

- Brand Sales
 - Q3/2018 : -4% YoY
 - 9M/2018: +0.5% YoY
- CMG Sales
 - Q3/2018 : -35% YoY
 - 9M/2018: -21% YoY

9M/2018 Export Branded Sales by Country



- *9M/2018 Export branded expanded c.20% YoY due to sales recognition from LQSF, a new subsidiary in Vietnam.*
- *If excluding LQSF, 9M/2018 Export branded would drop c.20% YoY, mainly due to flood and sub-distributor changeover in Cambodia, weak sales in China, expired coconut water sales last year, and strong Thai baht compared to the Company's major export markets.*

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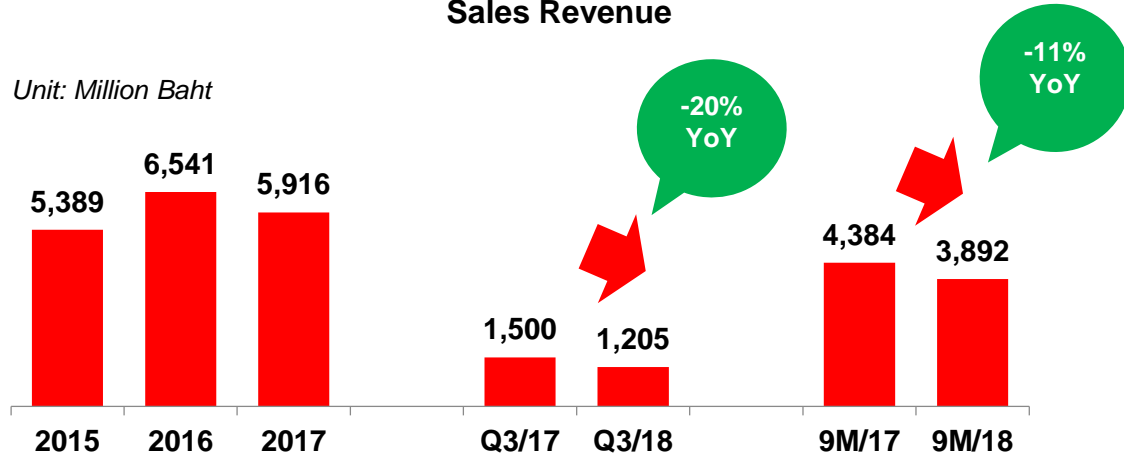
Forward Looking



Financial Highlights

Sales Revenue

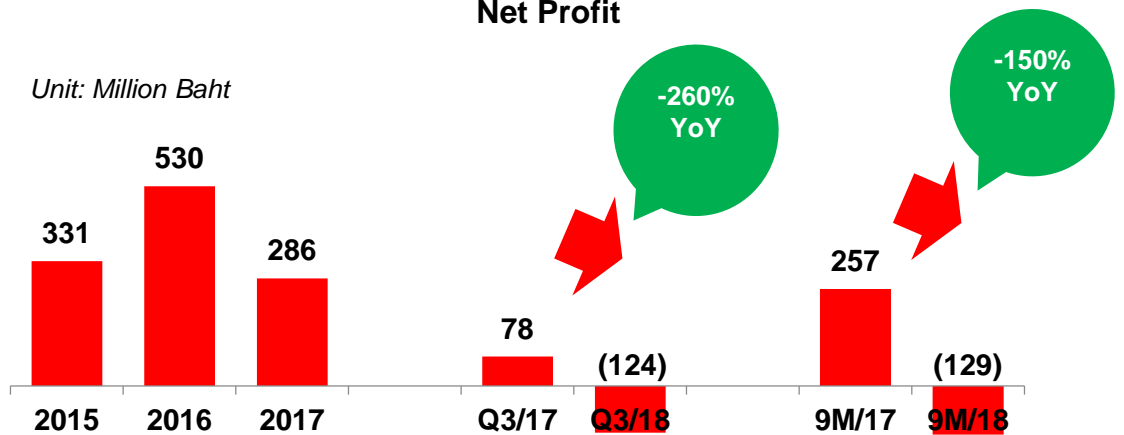
Unit: Million Baht



- In Q3/2018, Domestic branded sales dropped c.15% YoY, mainly due to the drop in fruit juice sales following the slowdown in fruit juice market, plus high sales base last year resulted from new packaging launched.
- Domestic CMG decreased c.25% YoY, mainly due to higher excise tax and sugar tax as well as high sales base last year.
- Export branded sales grew by c.40% YoY, mainly resulted from LQSF consolidation. If excluding LQSF, sales would drop c.20% mainly due to flood in Cambodia causing transportation difficulty, weak sales in China, and strong Thai baht compared to the Company's major export markets.
- Export CMG sales dropped c.50% YoY, due to a customer ending the distribution contract with some retailer and Thai Baht strengthening.

Net Profit

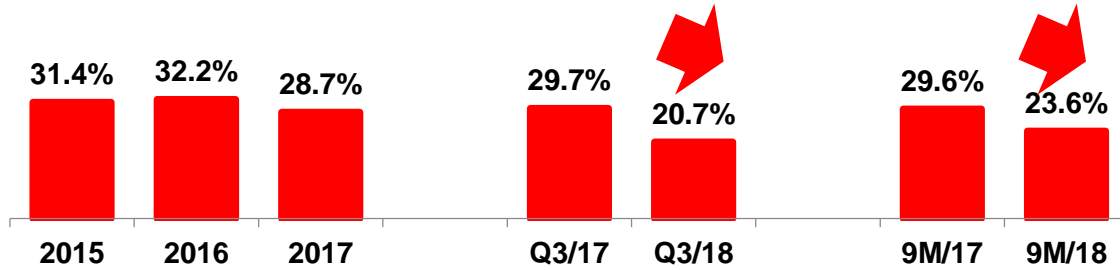
Unit: Million Baht



- Q3/2018 Net profit dropped mainly due to 1) sales decrease; 2) higher cost per unit as a result of lower utilization rate; 3) higher depreciation; 4) higher excise tax and sugar tax following the Excise Act, B.E. 2560; 5) higher selling expenses from multiple new products launch; 6) sales compensation for branded products; 7) higher R&D expense; 8) higher audit fees and consultant fees from new businesses establishment; and 9) higher finance costs due to higher borrowings as a result of previous investments in machinery, subsidiaries, and joint ventures.

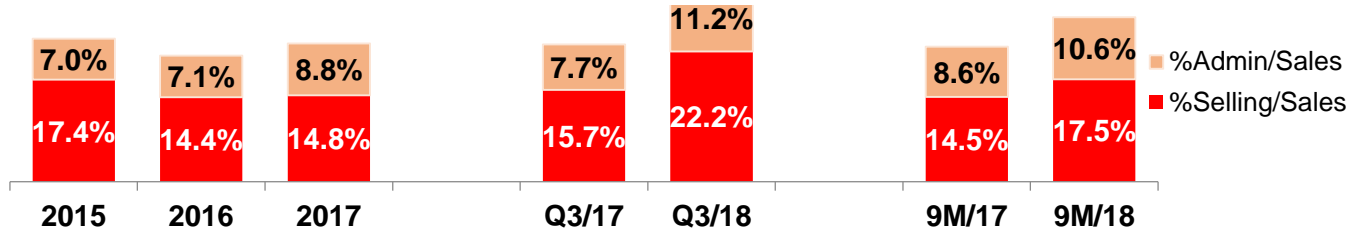
Profitability Margin

%Gross Profit Margin



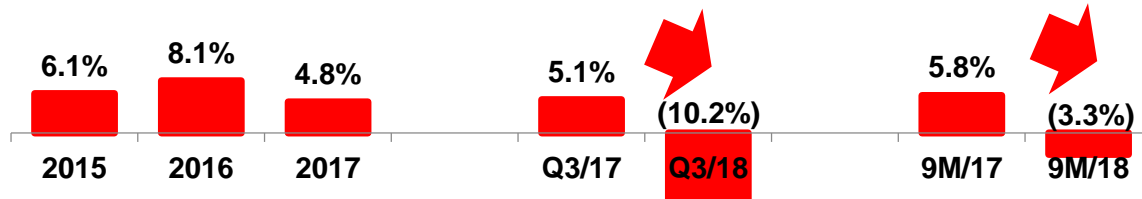
- Lower Q3/2018 %GPM YoY was mainly due to 1) higher cost per unit as a result of lower utilization rate; 2) higher depreciation; and 3) higher excise tax and sugar tax following the Excise Act, B.E. 2560.

%SG&A to Sales



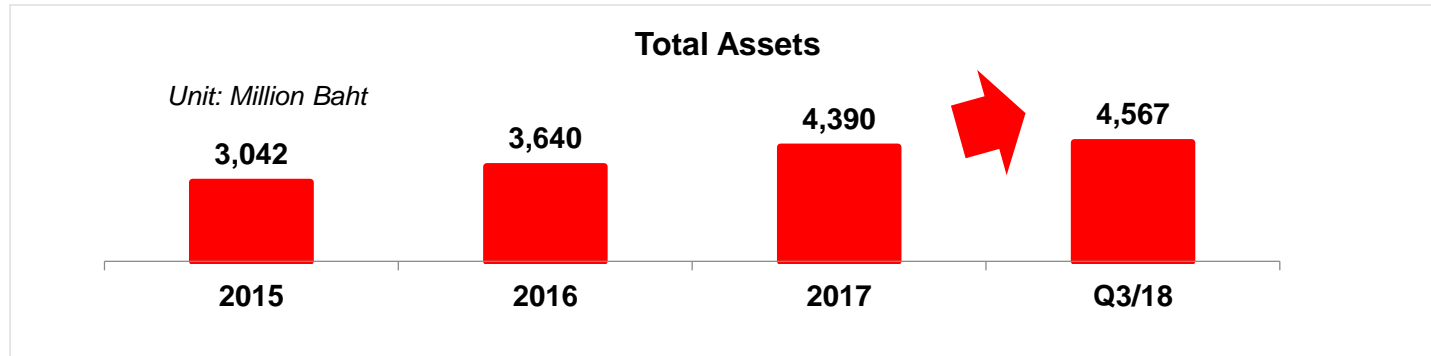
- Higher Q3/2018 selling expenses to sales YoY was mainly due to multiple new products launch, sales compensation for branded products, and selling expenses recognition from LQSF which recorded selling expenses to sales of 34.7%.
- Higher Q3/2018 administrative expenses to sales YoY was mainly due lower sales but higher R&D expense as well as higher audit fees and consultant fees from new businesses establishment.

%Net Profit Margin

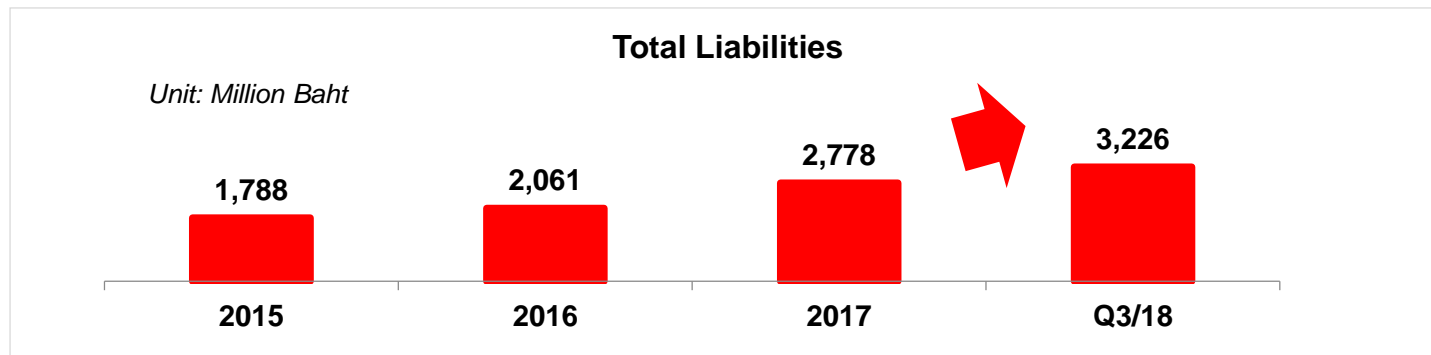


- Lower Q3/2018 %NPM YoY was mainly due to the same reasons as lower net profit.

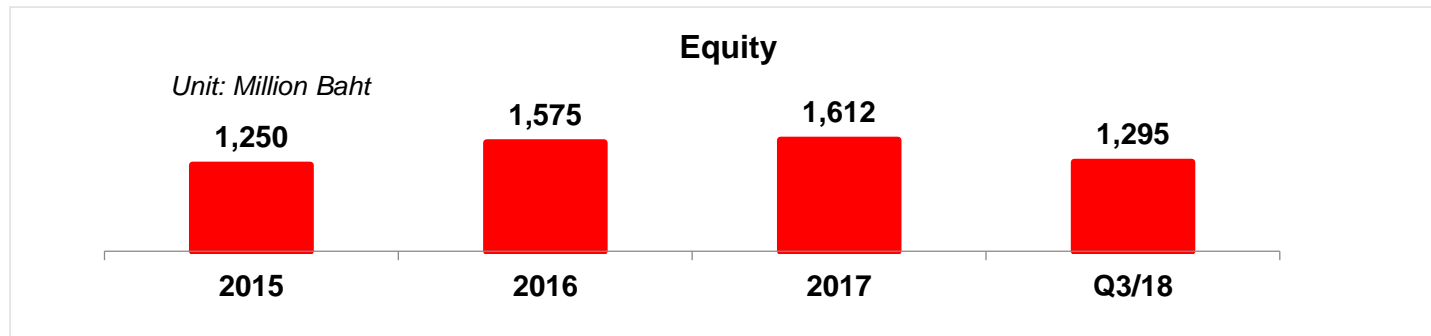
Statements of Financial Position



- Higher total assets were mainly due to LQSF's assets recognition of 256MB whose major assets were PPE of 169MB. In addition, the Company recognized goodwill from acquiring LQSF of 244MB.

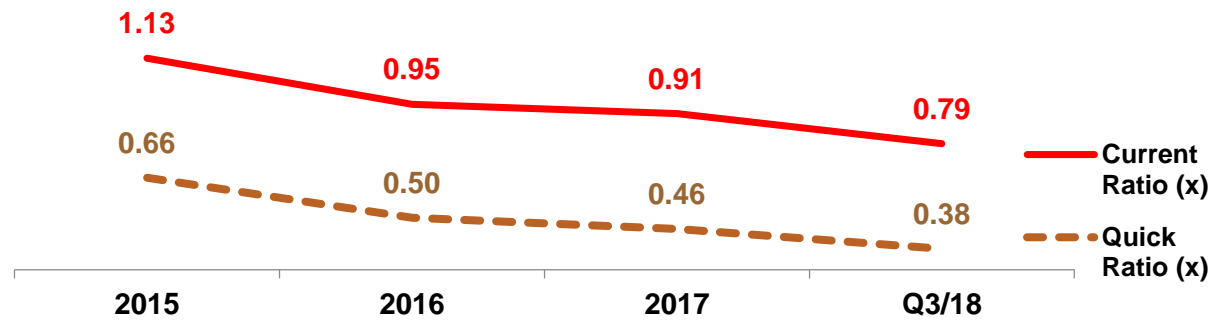


- Higher liabilities were mainly due to an increase in loans from financial institutions for the Company's investments and working capital as well as LQSF's liabilities recognition of Baht 158MB.

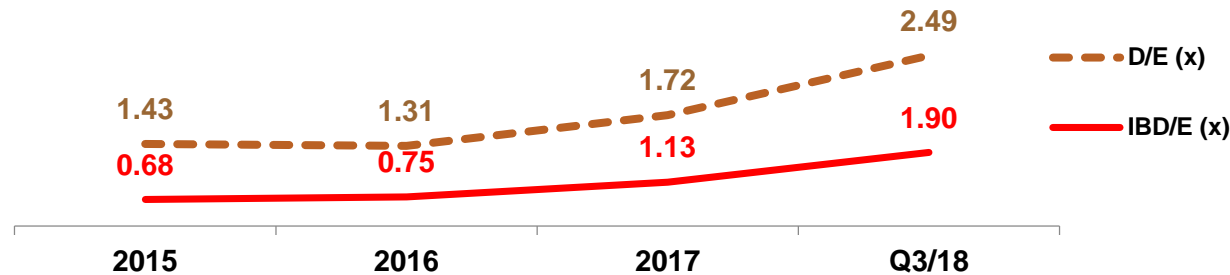


- Decreased equity of parent Company's shareholders mainly was due to 1) consolidated operating loss during the first half of the year of 129MB; 2) transaction of treasury shares from shareholders' equity for financial management of 114MB; and 3) dividend payment for the second half of last year's operating results 69MB.

Liquidity

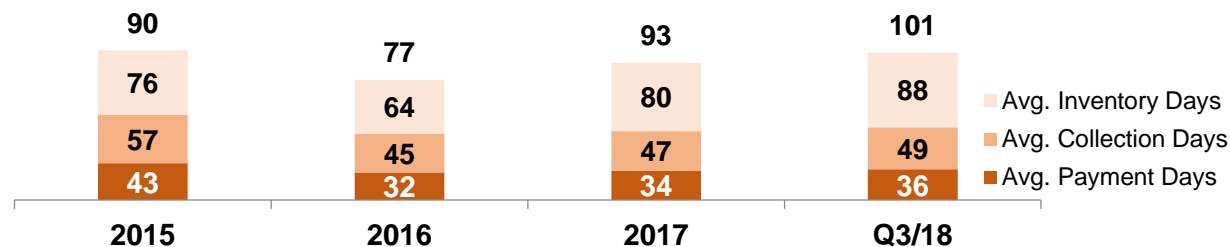


- Lower current ratio and quick ratio was mainly due to a decrease in trade receivables and inventories but an increase in short-term loans for the use of the Company's working capital as well as higher current portion of long-term and investments from the Company's investments.



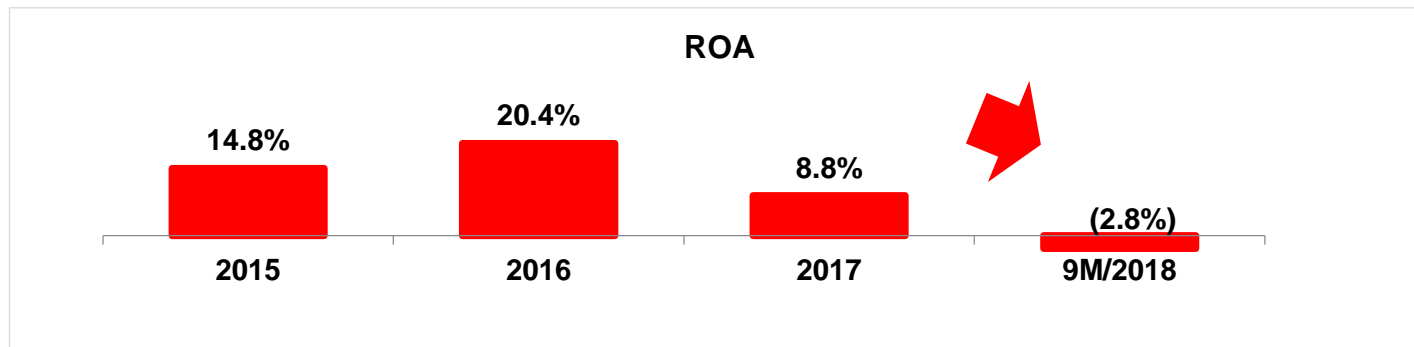
- Increased IBD/E was mainly due to an increase in loans as well as LQSF's loans recognition of 96MB. Meanwhile, shareholders' equity decreased from consolidated loss during the first nine months of the year of 129MB, shares buyback of 114MB, and dividend payment 69MB.
- Increased D/E was the same reason as higher IBD/E, plus LQSF's total liabilities recognition of 158MB.

Cash Cycle Days

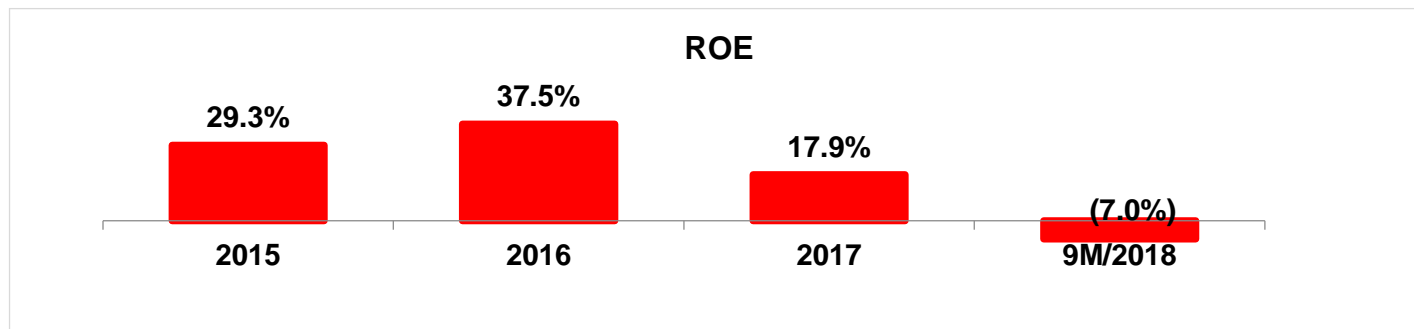


- Higher cash cycle days was mainly due to longer Inventory days and collection days.
- Longer inventory days was mainly due to a new crop season for canned fruit production.
- Longer collection days was mainly due to higher portion of branded sales whose trade terms are longer than CMG sales.
- Improved payment days was mainly due to higher portion of long credit term suppliers .

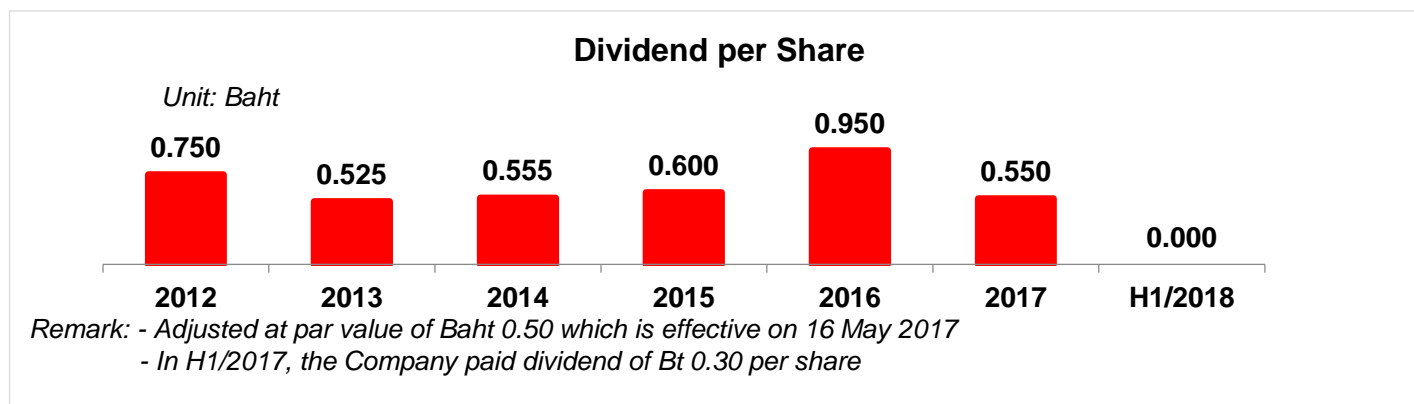
Return to Shareholders



- Lower ROA was resulted from operating loss during the first 9 months of this year.



- Lower ROE was mainly due to operating losses during the first 9 months of this year as earlier explained.



- The Company has a policy to pay dividends at the rate of not less than 50% of its net profit from normal operation, according to consolidated financial statements after deduction of tax revenue and legal reserve. However, actual payments will depend on cash flows and investment plans of the Company's and its affiliates as well as other necessities as the Board of Directors deems appropriate.
- No dividend payment for the operating results during 1 January – June 2018 due to the Company's operating losses.

AGENDA

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Forward Looking



Forward Looking

- Operating results to remain under pressure in Q4 but should improve QoQ
- Turnaround in 2019 with target sales growth of 5-10% driven by:
 - Continuation of the current product roll-out
 - Product portfolio renovations
 - New product development
 - New sales business model
 - Securing new customers
- Our turnaround strategies:
 - Growing production volume
 - Intensified cost reduction measures
 - Cash flow management
 - No investments/ focus on the businesses we have built.

Share Endorsements



“Very Good” Level of CG Scoring



Growing well together

Thank You

For more information, please visit our website at <http://www.malee.co.th>
or contact us at ir@malee.co.th. Tel: +66 2080 7899 Ext 1137