



# Malee Group Public Company Limited

## Q4/2018 Opportunity Day

14 March 2019

# Disclaimers

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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

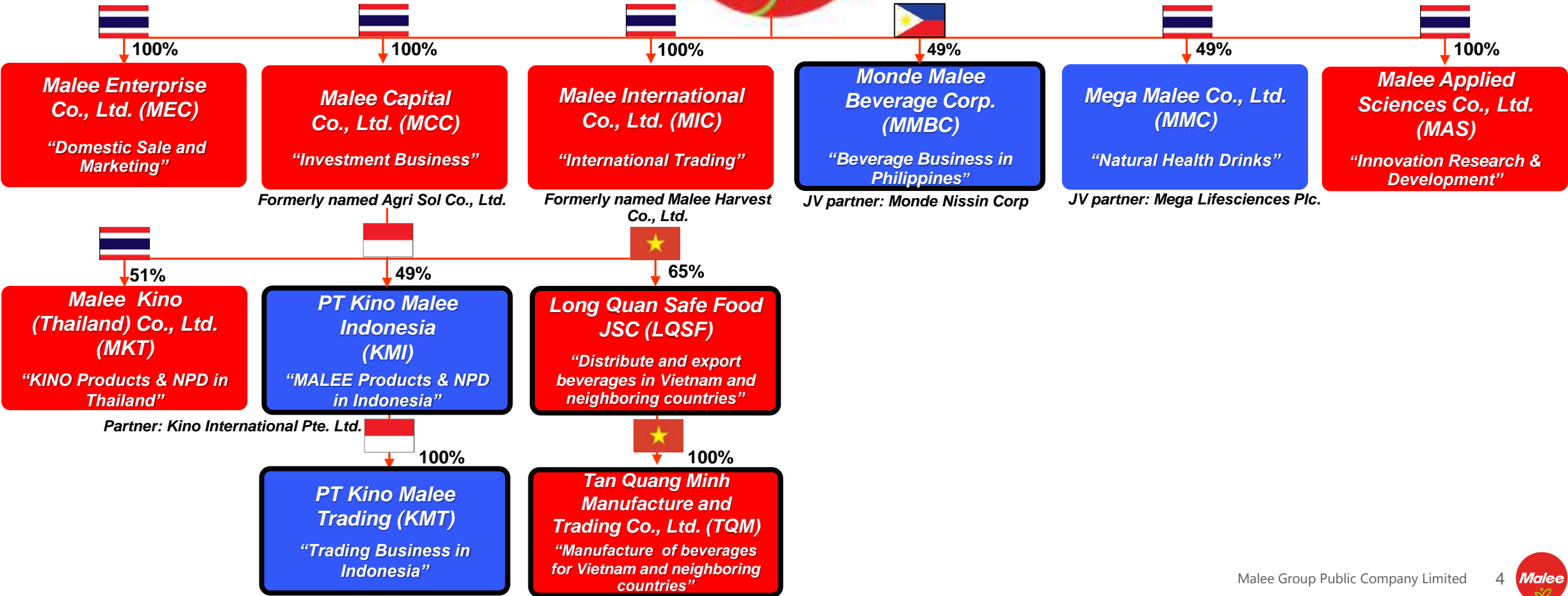
JV/ Associate

Overseas Entity



Malee Group Plc

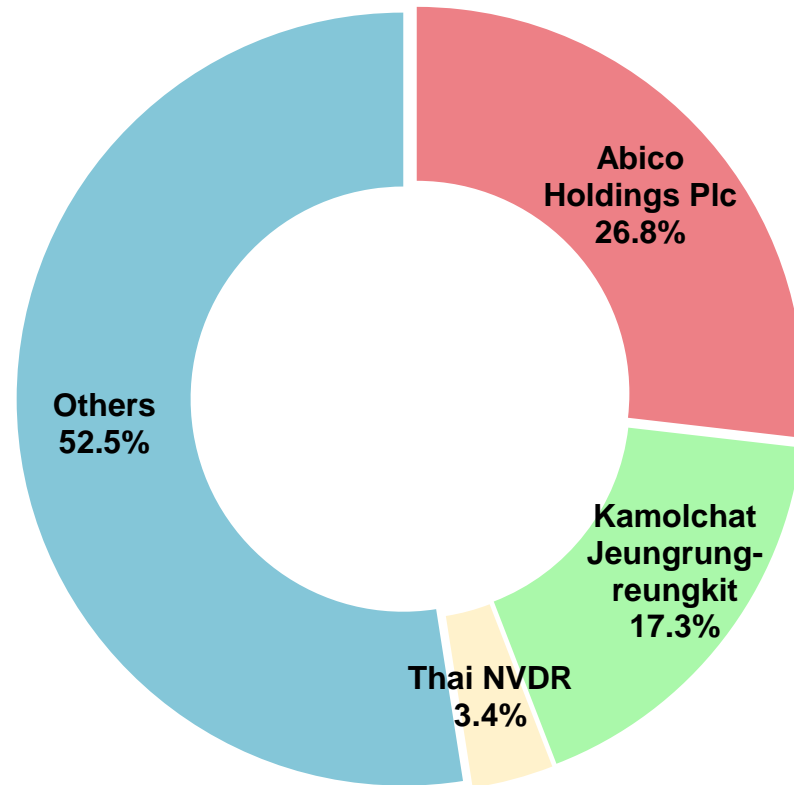
A leading manufacturer, distributor, and exporter of fruit juices, beverages, and canned fruits.



# Shareholding Structure & Share Information

## Shareholding Structure

(As of 8 May 2018)



## Share Information

(As of 13 March 2019)

<b>Stock Symbol:</b>	MALEE
<b>Industry and Sector:</b>	Agro & Food Industry / Food and Beverage
<b>No. of Listed Shares:</b>	280,000,000 Shares
<b>Registered Capital:</b>	THB 140,000,000
<b>Paid-up Capital:</b>	THB 140,000,000
<b>Par Value:</b>	THB 0.50 per Share
<b>Listing Date:</b>	13 March 1992
<b>Foreign Limit:</b>	49% (available 47.97%)
<b>Dividend Policy:</b>	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.
<b>Market Capitalization:</b>	2,576MB or 81MUSD
<b>Free Float:</b>	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.

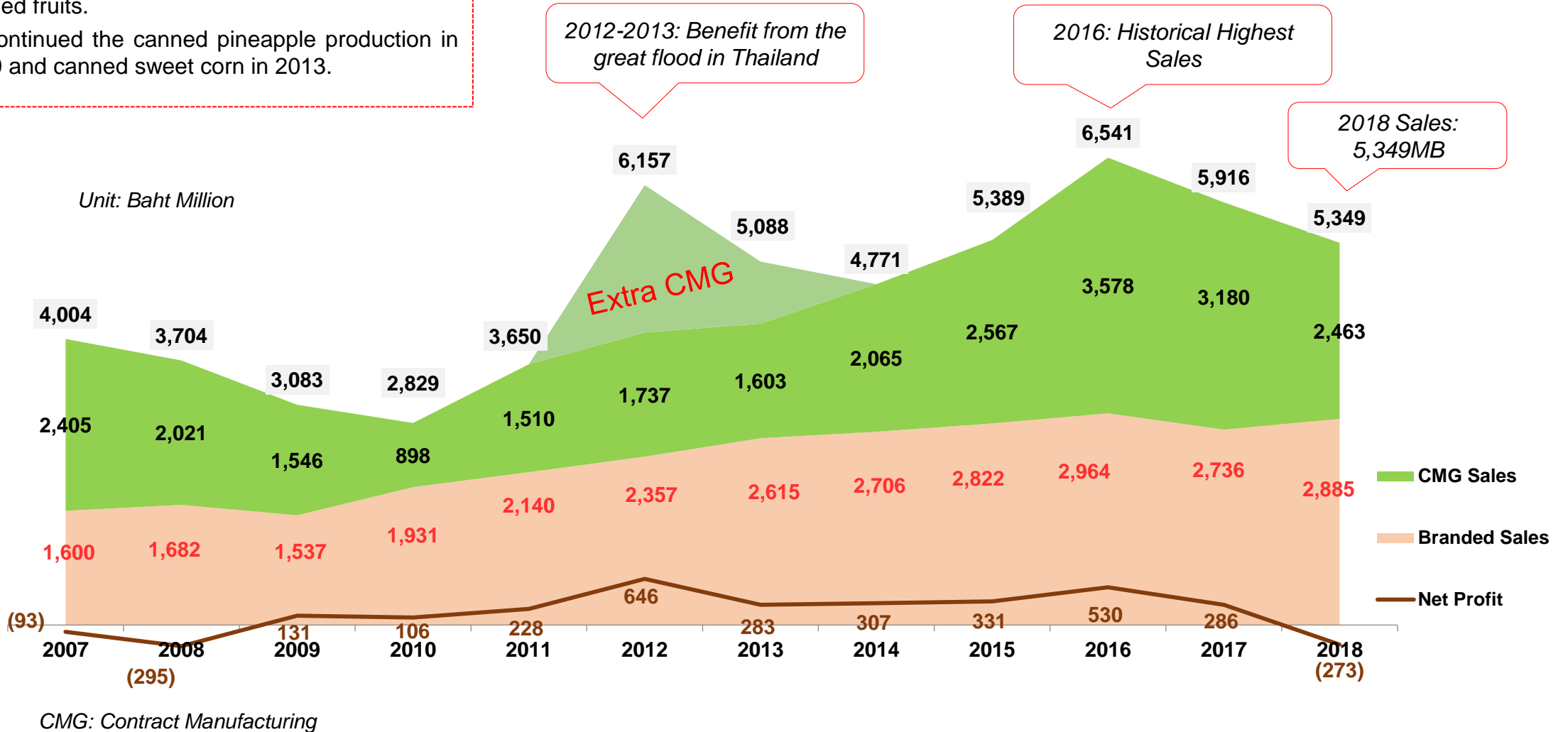
In April 1995, **Abico Holdings** Plc acquired 40% from the existing shareholders.

- 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** 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% CPP Fruit Juice



Malee Coco



Malee Nutrient



Malee i-Corn

## Functionality



Malee Healti Plus



Malee Light



Malee Flo

## 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





# Subsidiary/Joint Venture Portfolio

## LQSF (Vietnam)



## MAS (Thailand)



## Malee Kino (Thailand)



## MMBC (Philippines)



\*\*Kratos canned coffee removed from the market at the end of 2018.

## Mega Malee (Thailand)



## Kino Malee (Indonesia)

Food and Beverages – to be launched in Q2/2019

# New Products Highlights: Functional



# AGENDA

Company Overview

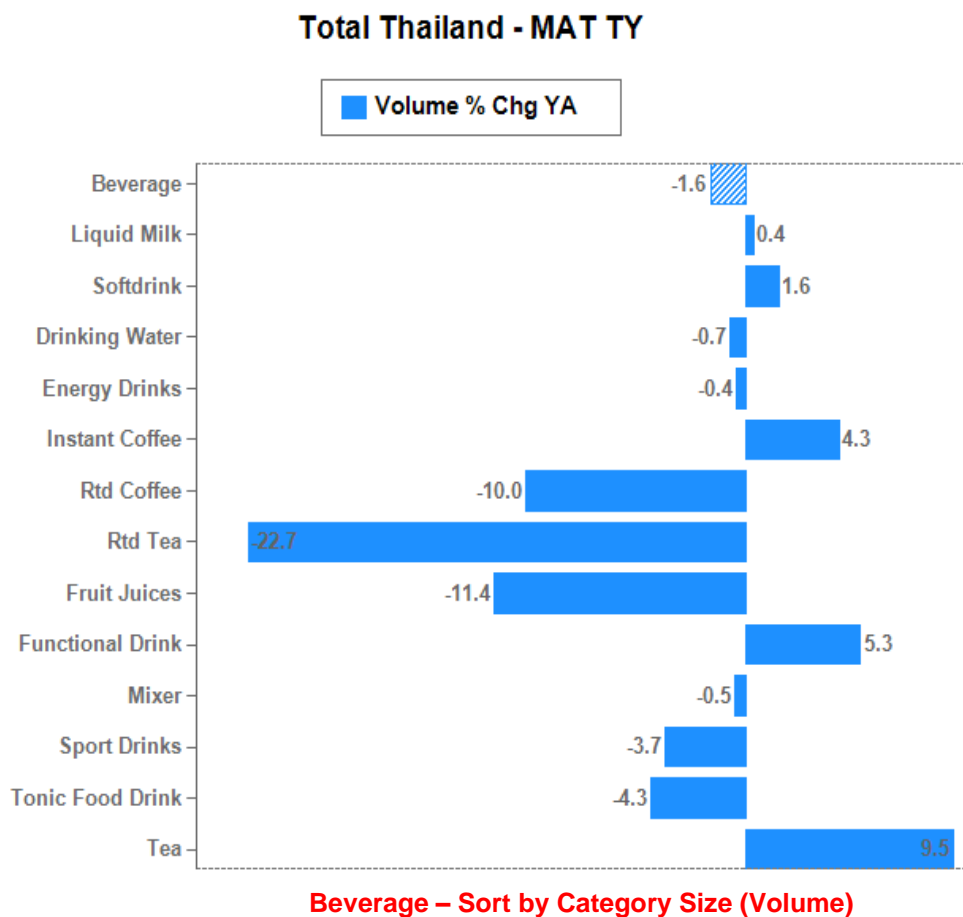
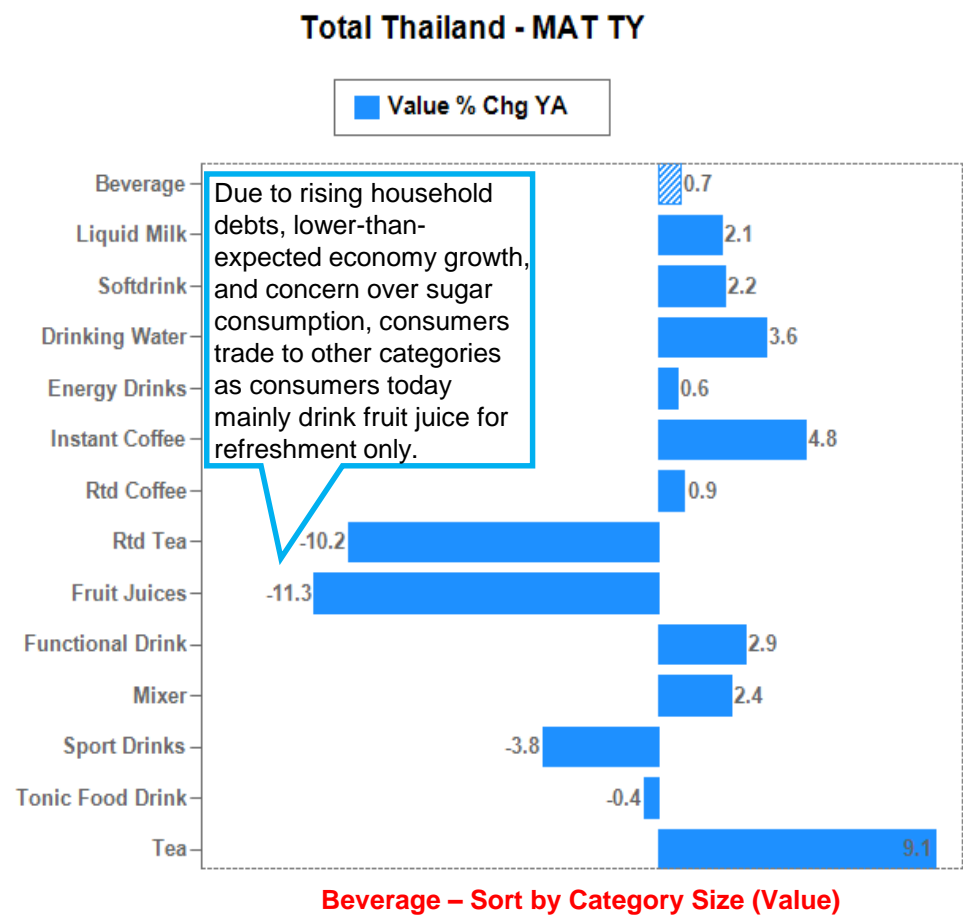
**Business Update**

Results of Operations and Profitability

Forward Looking

# Domestic Beverage Market: MAT December 2018

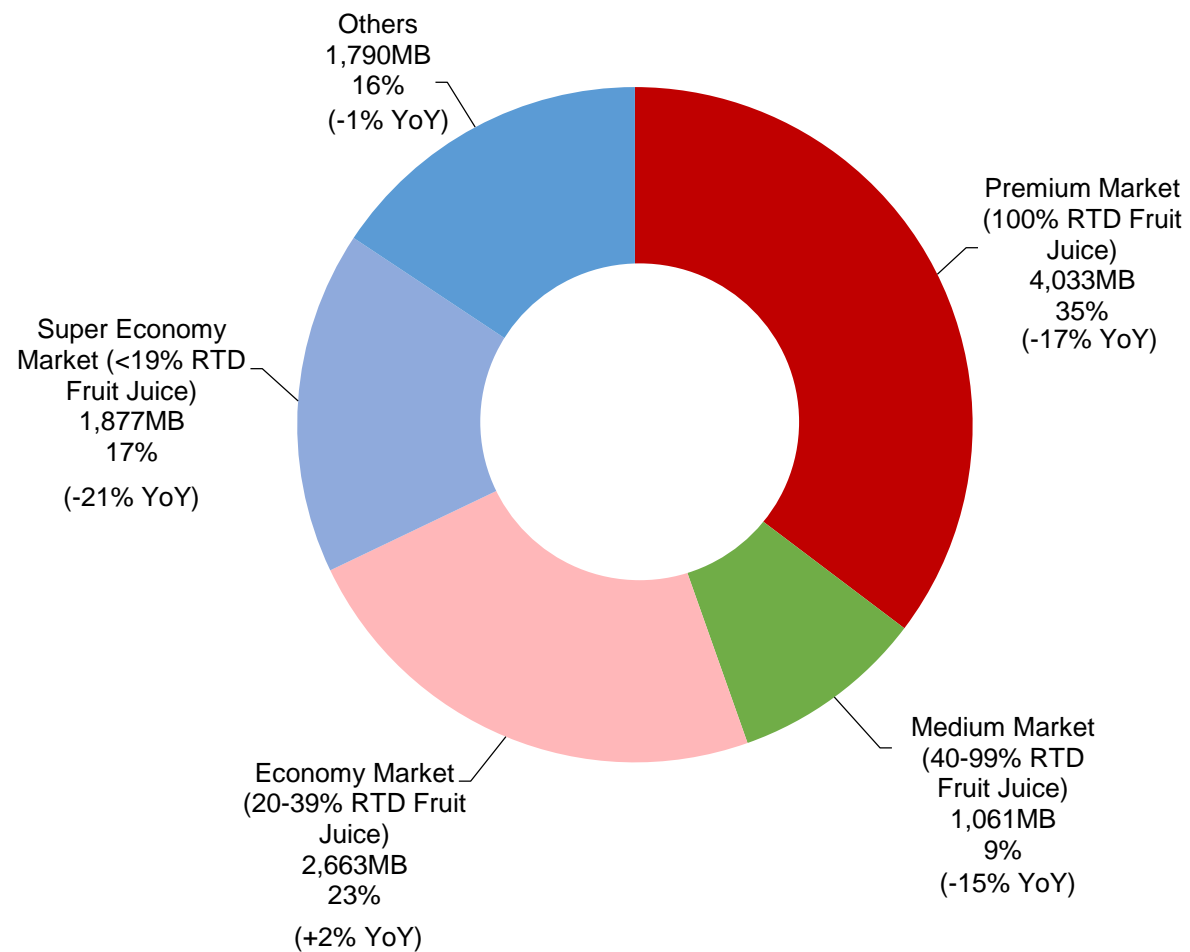
Despite the stagnant trend of beverage driven by mainstream products, new products considered as premium and value-added helped turn around value growth. However, boosting more consumption remained the key challenge of Beverage.



Source: Nielsen

# Domestic RTD Fruit Juice Market

*MAT Dec 2018 Market Value of 11,425MB, a Decrease of 11% YoY*

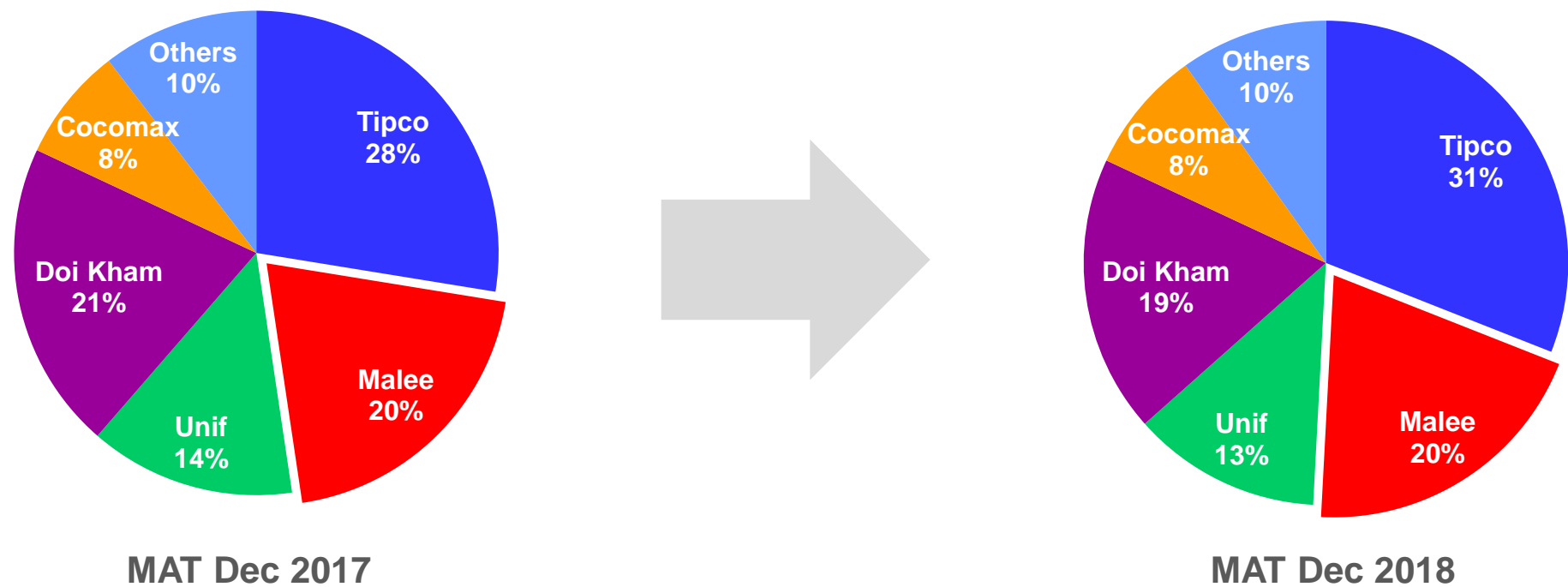


Source: Nielsen



# Domestic RTD Premium Fruit Juice UHT Market Share

*MAT Dec 2018 Market Value of 3,739MB, a Decrease of 17% YoY*

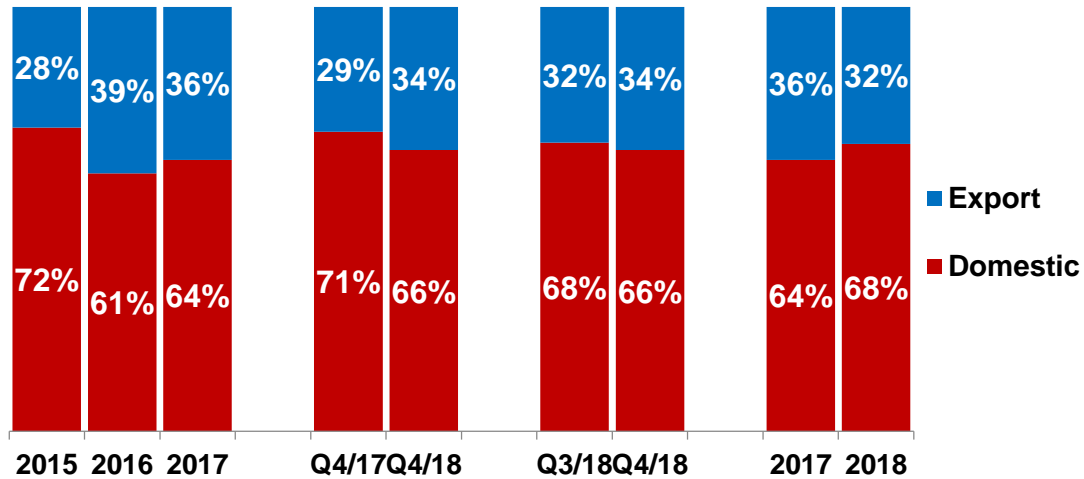


Source: Nielsen



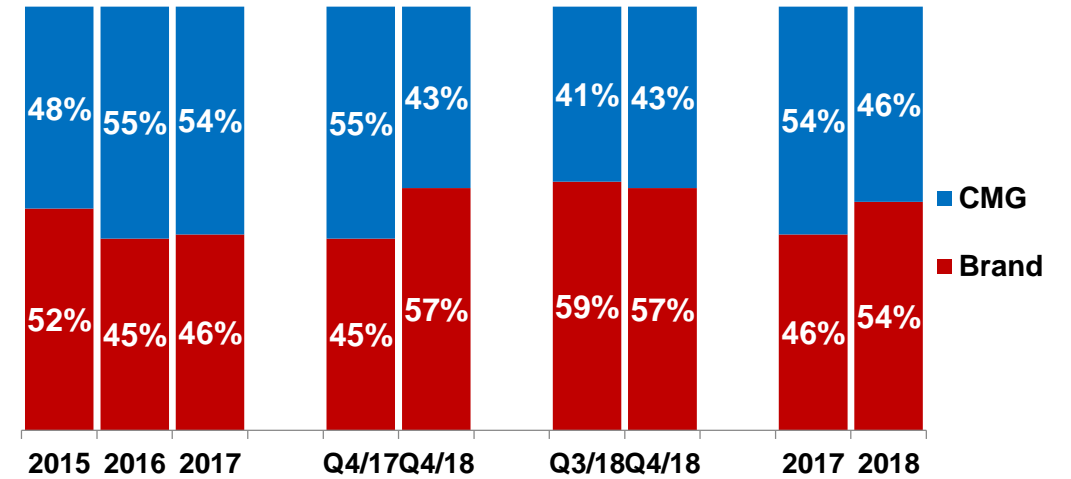
# Sales Structure

## Domestic : International Business



- Domestic Sales
  - Q4/2018 : -11% YoY, +18% QoQ
  - 2018: -4% YoY
- Export Sales
  - Q4/2018 : +9% YoY, +28% QoQ
  - 2018: -19% YoY

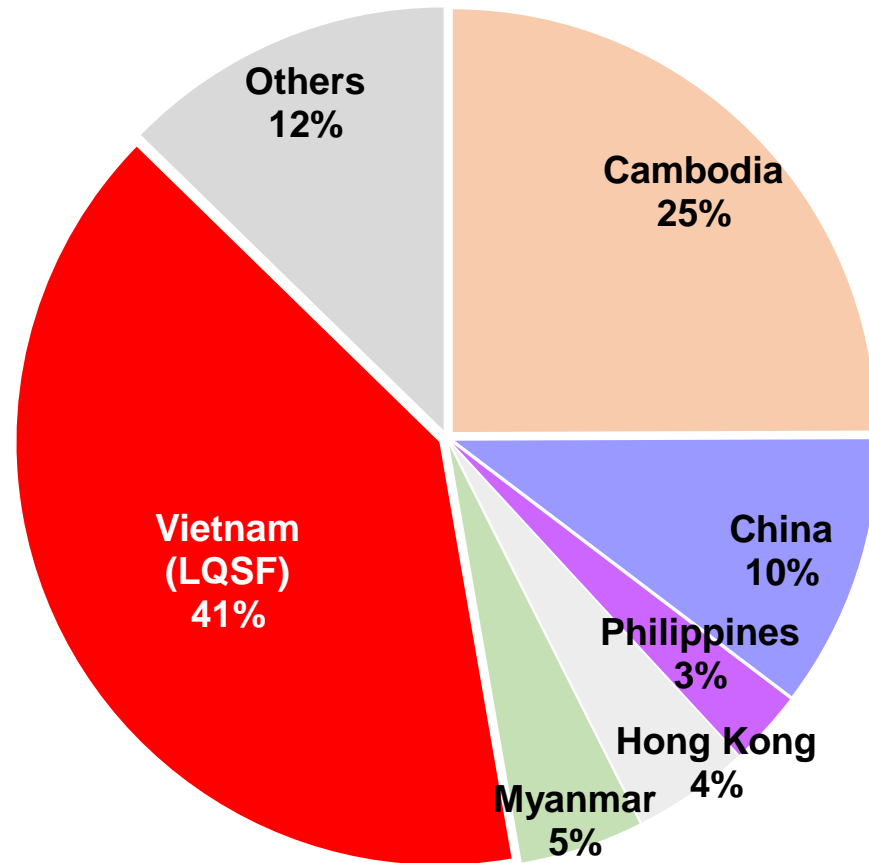
## Brand : Contract Manufacturing



CMG: Contract Manufacturing

- Brand Sales
  - Q4/2018 : +20% YoY, +18% QoQ
  - 2018: +5% YoY
- CMG Sales
  - Q4/2018 : -26% YoY, +25% QoQ
  - 2018: -23% YoY

# 2018 Export Branded Sales by Country



- 2018 Export branded increased 45% YoY due to sales recognition from LQSF, a new subsidiary in Vietnam.
- If excluding LQSF, 2018 Export branded would drop 14% YoY, mainly due to sub-distributor changeover in Q2 and flood in Q3 in Cambodia, weak sales in China during the first 9 months, expired coconut water annual sales contract, and strong Thai baht compared to the Company's major export markets.
- However, Q4/2018 export branded sales excluding LQSF increased 1% YoY and 13% QoQ, mainly resulted from recovery in the Company's major export countries, e.g., Cambodia, China, and Myanmar.

# AGENDA

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Business Update

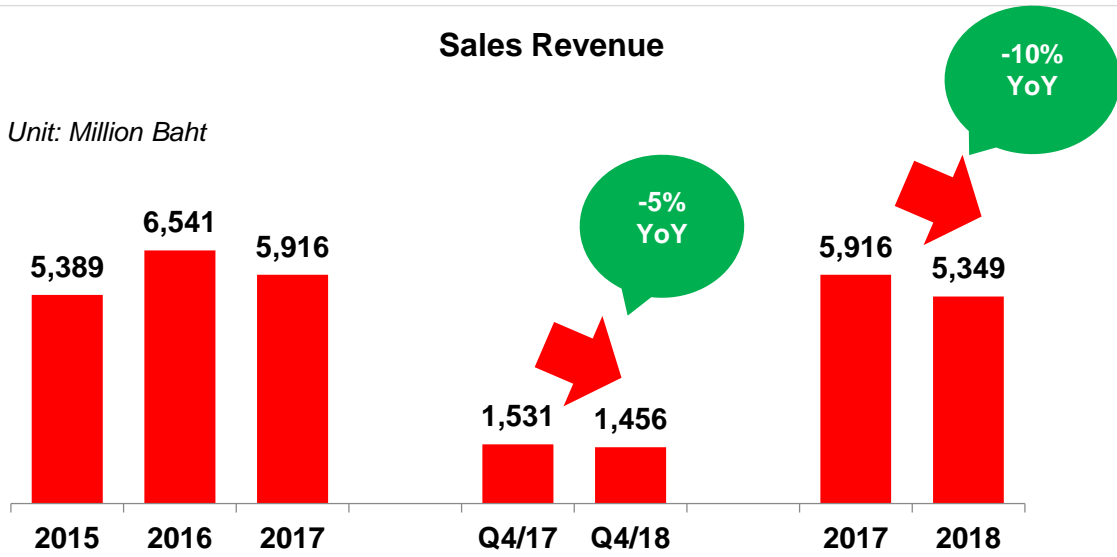
Results of Operations and Profitability

Forward Looking

# Financial Highlights

## Sales Revenue

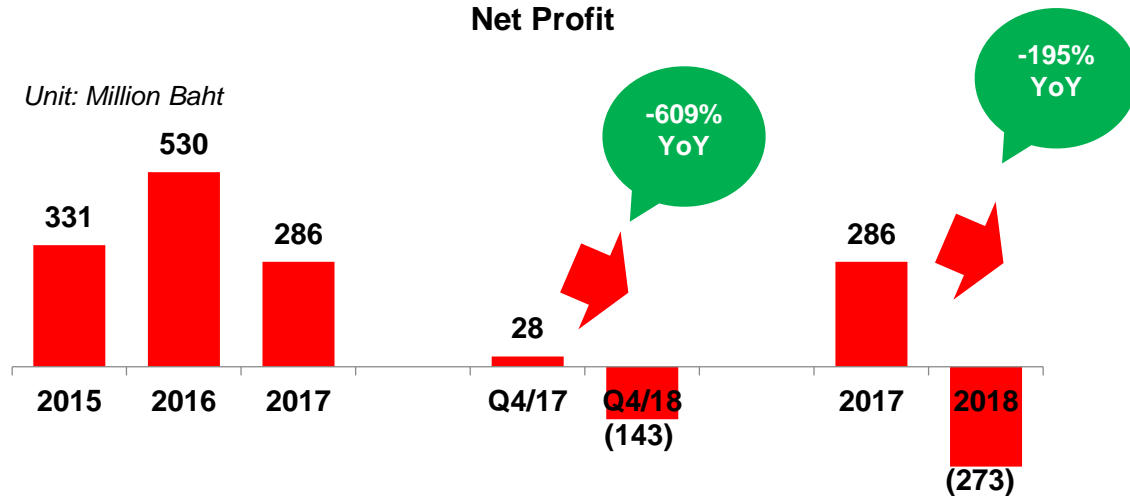
Unit: Million Baht



- In Q4/2018, total sales decreased 5% YoY but bottomed out from Q3/2018, growing 8% QoQ with growth in every business.
- Domestic branded sales decreased 7% YoY, following the slowdown in fruit juice market in Thailand as well as price competition from competitors in the market.
- Domestic CMG sales decreased 15% YoY, mainly due to lower consumption as a result of price increase impacted by excise tax and sugar tax. Also, the products that were pipelined in 2017 could not maintain the volume by the end 2018.
- Export branded sales rose 126% YoY, mainly due to sales recognition from LQSF. If excluding LQSF, export branded sales would increase 1% YoY and 13% QoQ, mainly resulted from recovery in the Company's major export countries after dropping in the first three quarters.
- Export CMG sales decreased 45% YoY, since there was some customer ending the distribution contract with some retailer since late Q4/2017.

## Net Profit

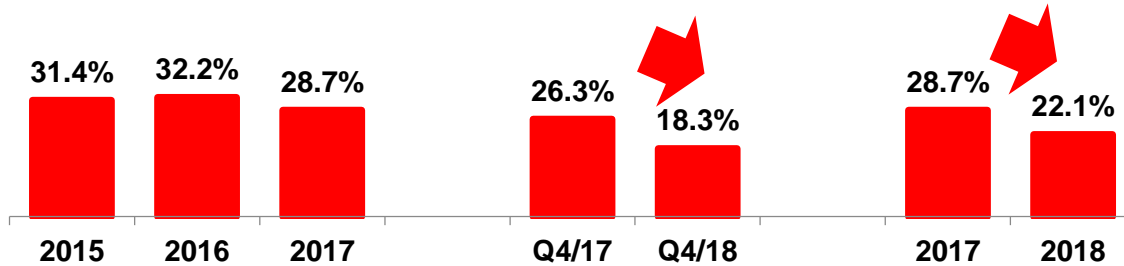
Unit: Million Baht



- Q4/2018 Net loss dropped YoY, mainly due to 1) allowance for diminution in value of inventories of 32MB; 2) higher employee benefit obligations under severance pay of 20MB; 3) sales decrease; 4) higher cost per unit as a result of lower utilization rate; 5) higher depreciation; 6) higher selling expenses from multiple new products launch; and 7) higher finance costs due to higher borrowings as a result of previous investments in machinery, subsidiaries, and joint ventures.
- If considering only normal operation, excluding the non-cash one-time expenses of 51MB from allowance for diminution in value of inventories following the Company's new policy and higher employee benefit obligations under severance pay following the new labor protection law, Q4/2018 loss would be 92MB, improving from loss of 124MB in Q3/2018.
- In addition, the Company recorded net profit of 0.8MB from MMBC in Q4/2018, the first quarter profit making of MMBC since its first operation in 2016.

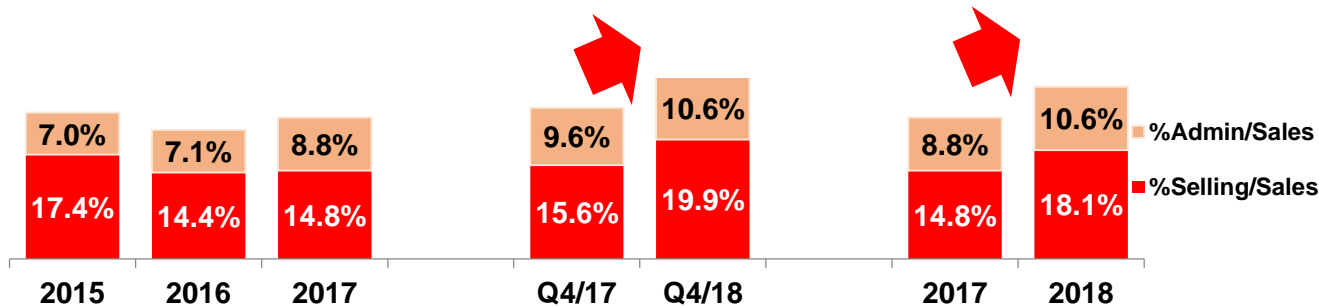
# Profitability Margin

**%Gross Profit Margin**



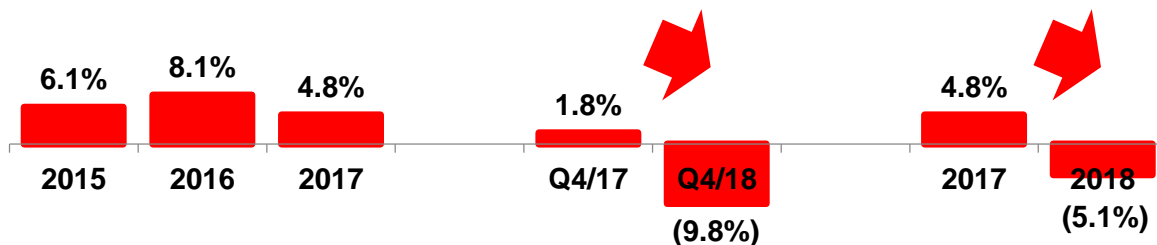
- Lower Q4/2018 %GPM YoY was mainly due to higher cost per unit as a result of lower utilization rate; higher depreciation; as well as a non-cash one-time expense of allowance for diminution in value of inventories of 32MB, resulted from a new policy of setting allowance for diminution in value of inventories from recording expired product in full cost to net realizable value based on inventory aging
- If excluding the above non-cash one-time expense of 32MB, gross profit margin would increase from 18.3% to 20.5% in Q4/2018 and 22.7% in 2018.

**%SG&A to Sales**



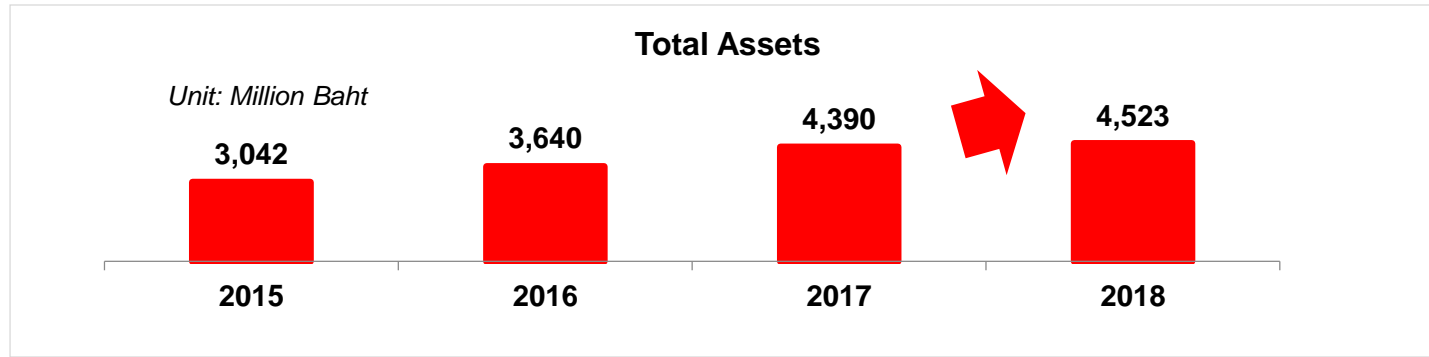
- Higher Q4/2018 selling expenses to sales YoY was mainly due to multiple new products launch since late Q3/2018 following the Company's new product launch plan; sales compensation for branded product; and selling expenses recognition from LQSF which recorded selling expenses to sales of 26.7%.
- Higher Q4/2018 administrative expenses to sales YoY was mainly due to lower sales as well as a non-cash one-time expense of 20MB from higher employee benefit obligations under severance pay for employees serving 20 years or more, from 300 to 400 days, according to the new labor protection law. If excluding the above non-cash one-time expense, Q4/2018 administrative expenses to sales would decrease to 9.2%.

**%Net Profit Margin**

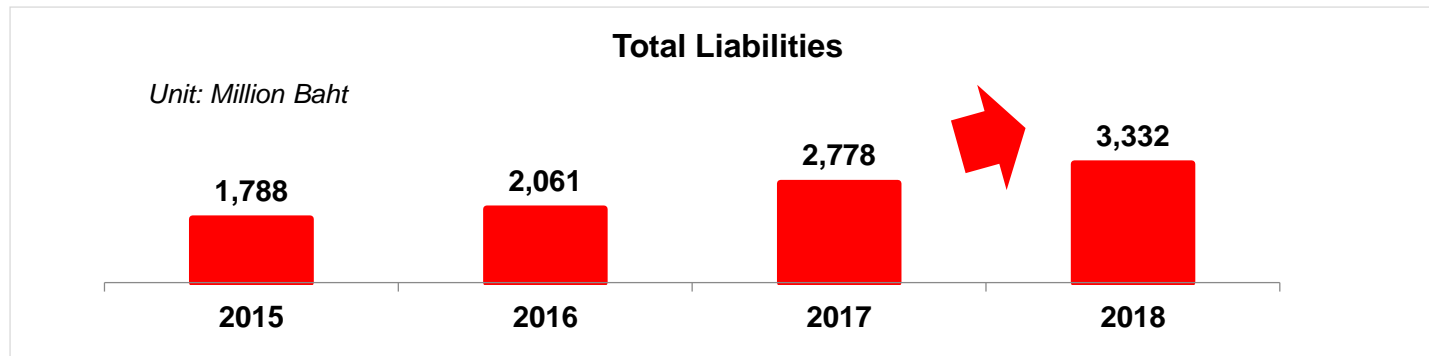


- Lower Q4/2018 %NPM YoY was mainly due to the same reasons as lower net profit.

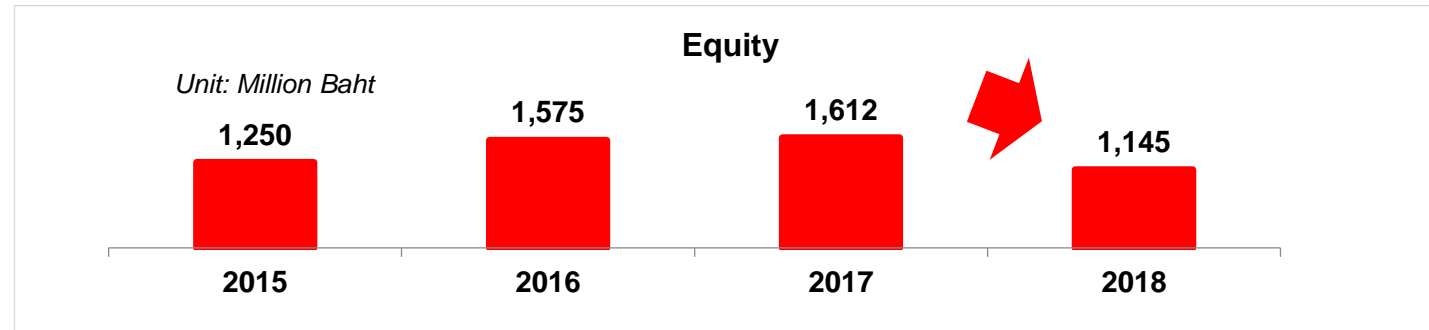
# Statements of Financial Position



- Higher total assets were mainly due to LQSF's assets recognition of 267MB whose major assets were PPE of 167MB and inventories 71MB. In addition, the Company recognized goodwill from acquiring LQSF of 213MB.



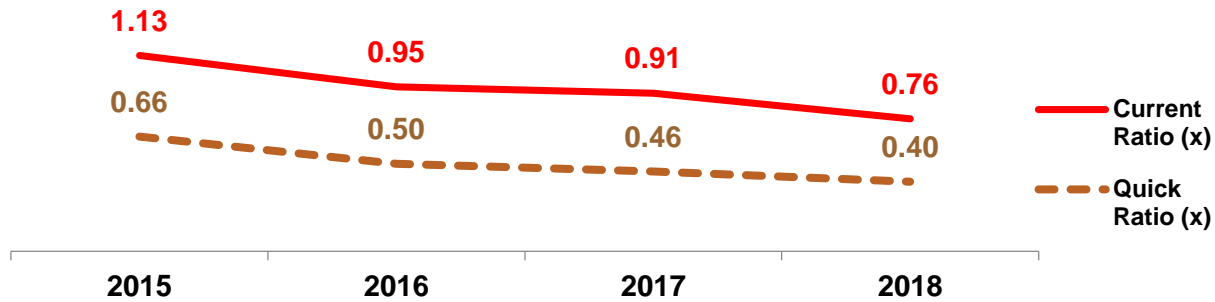
- Higher liabilities were mainly due to an increase in loans from financial institutions for the Company's investments and working capital as well as LQSF's liabilities recognition of 167MB whose major liabilities were financial institutions of 80MB and trade payables of 64MB.



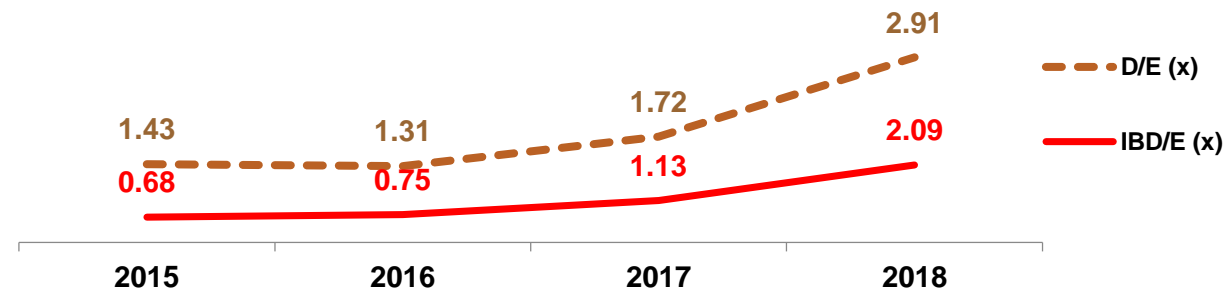
- Decreased equity of parent Company's shareholders mainly was due to 1) consolidated operating loss during the first half of the year of 273MB; 2) transaction of treasury shares from shareholders' equity for financial management of 114MB; and 3) dividend payment for the second half of 2017's operating results of 69MB.



# Liquidity

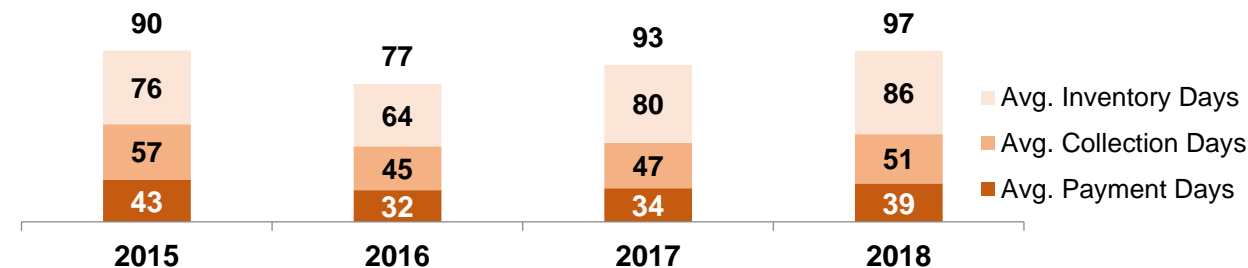


- Lower current ratio and quick ratio was mainly due to a decrease in trade receivables and inventories with an increase in short-term loans for the use of the Company's working capital as well as higher current portion of long-term loans from the Company's investments.



- Increased IBD/E was mainly due to an increase in loans as well as LQSF's loans recognition of 80MB. Meanwhile, shareholders' equity decreased from consolidated loss of 273MB during the year, shares buyback of 114MB, and dividend payment of 69MB.
- Increased D/E was the same reason as higher IBD/E and LQSF's total liabilities recognition of 167MB.

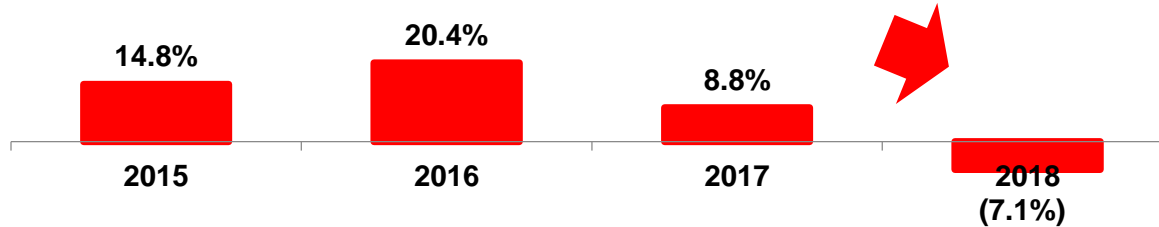
Cash Cycle Days



- Higher cash cycle days was mainly due to longer Inventory days and collection days.
- Despite lower inventories in 2018, inventory days were longer mainly due to higher average inventories resulted from high stock level of branded canned fruits as well as CMG inventories in 2017 (average of 2018 and 2017 is higher than average of 2017 and 2016).
- 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 extended credit term of suppliers.

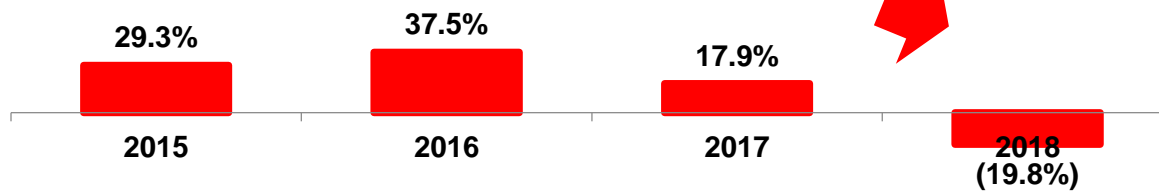
# Return to Shareholders

ROA



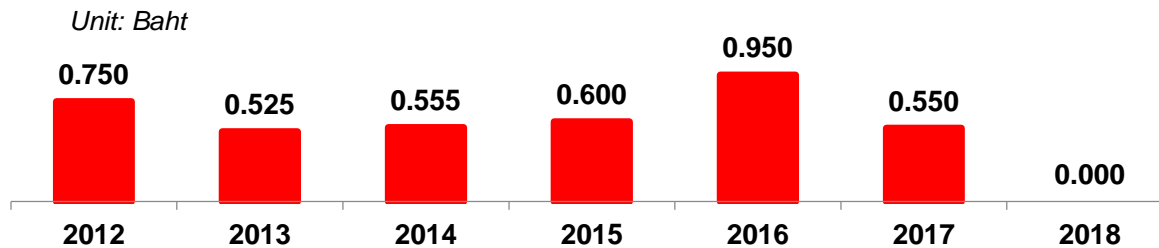
- Lower ROA was resulted from operating loss during the year but higher assets.

ROE



- Lower ROE was mainly due to operating losses during the year as earlier explained.

Dividend per Share



Remark: Adjusted at par value of Baht 0.50 which was effective on 16 May 2017

- 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 in 2018 due to the Company's operating losses.

# AGENDA

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# Forward Looking

- Operating results in Q1/2019 to improve QoQ
- Operating results in 2019 to recover with target sales growth of 5-10%
- Overall operation improvement
  - Real-time data analytics for faster decision making
  - No significant investments
  - Continuous cost control.

## 2019 Recovery Focuses

### **Domestic Branded Business:**

- Improve profitability
- Restructure selling expenses

### **International Branded Business:**

- Continue to expand sales in our major destinations

### **CMG Business:**

- Gradually start business with new customers

# Share Endorsements

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**“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](mailto:ir@malee.co.th). Tel: +66 2080 7899 Ext 1137