



# Malee Group Public Company Limited

Quarter 1/2020

18 May 2020

# 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.



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# AGENDA

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Company Overview

Business Update

Results of Operations and Profitability

Forward Looking

# Group Structure

Subsidiary

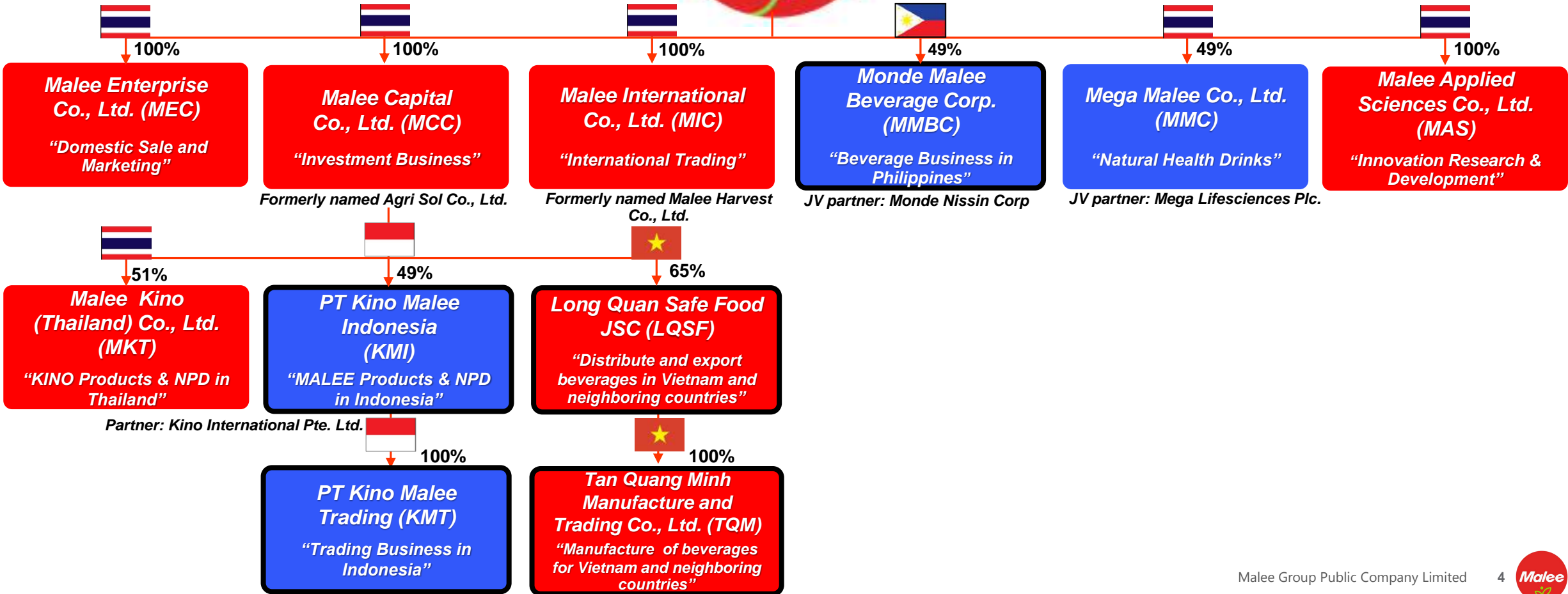
JV/ Associate

Overseas Entity



Malee Group Plc

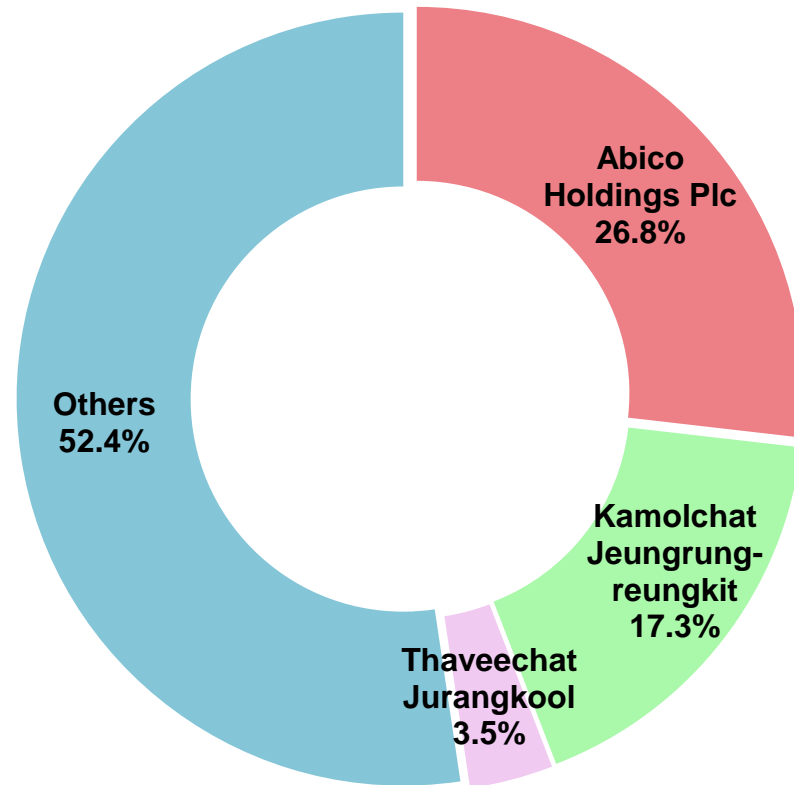
A leading manufacturer, distributor, and exporter of fruit juices, beverages, and canned fruits.



# Shareholding Structure & Share Information

## Shareholding Structure

(As of 13 March 2020)

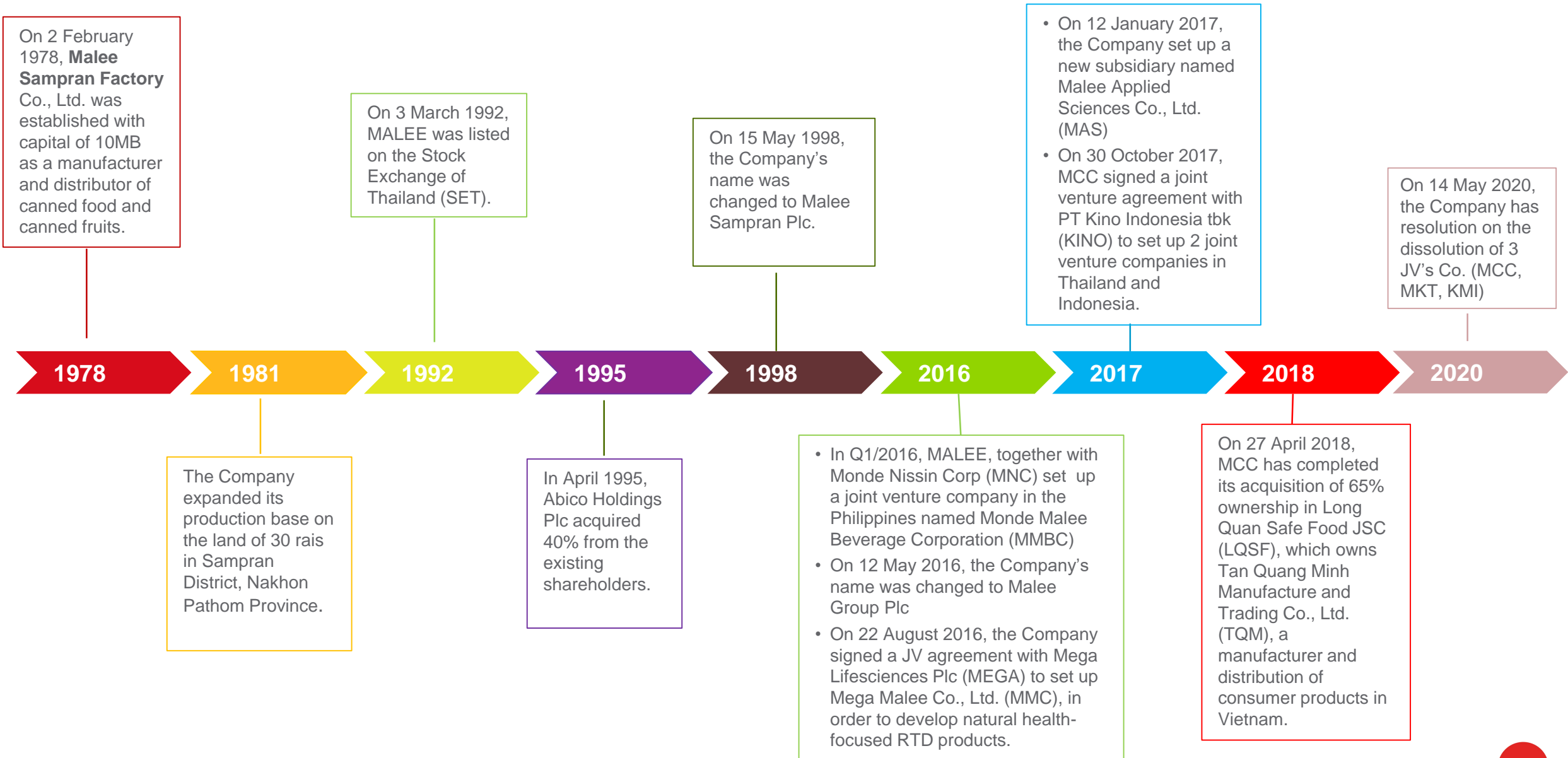


## Share Information

(As of 13 March 2020)

<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>	1,165 MB or 36.6 MUSD
<b>Free Float:</b>	48.57%

# Milestones

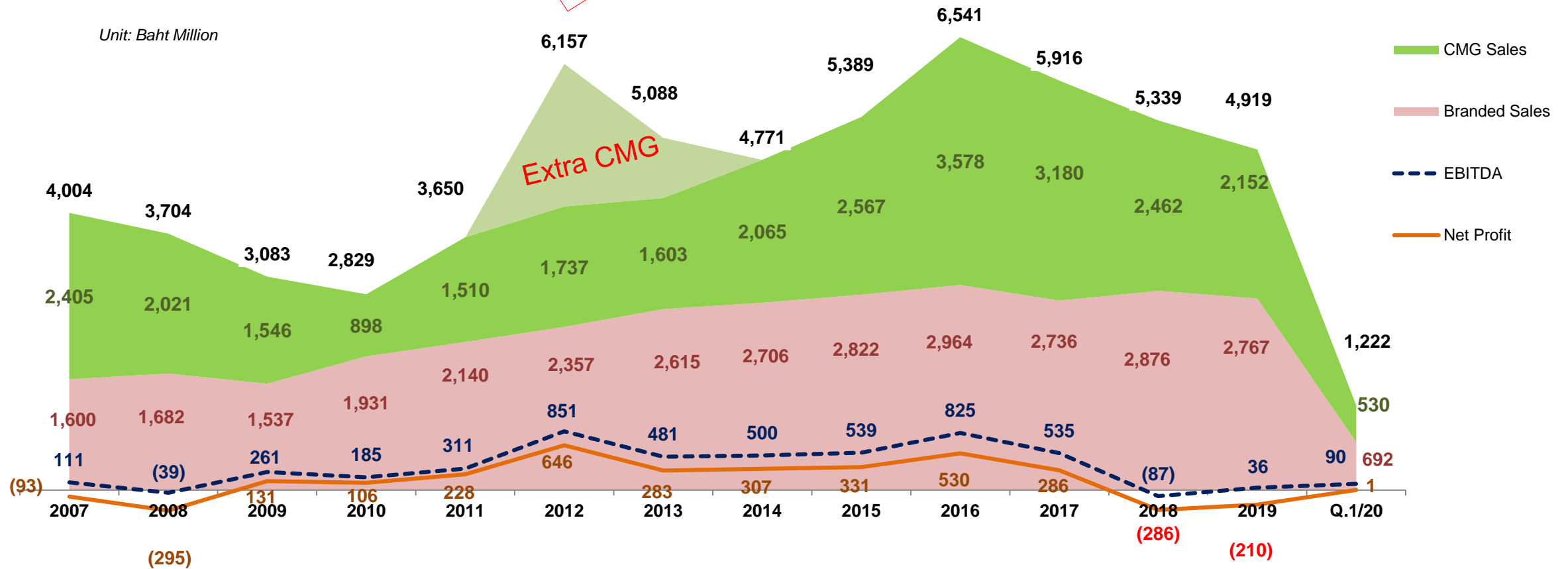


# Historical Performance

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

2012-2013: Benefit from the great flood in Thailand

2016: Historical Highest Sales



CMG: Contract Manufacturing



# Malee Brand Portfolio

**Malee**

**100% UHT Vegetable and fruit juice**



**100% Pasteurized**



**100% Malee Fruit Fresh**



**Malee Coco**



**Food Service**



**Malee Tropical**



**Malee canned Fruit**



**Canned Fruit**



First Choice



Farmer



Chokchai Farm

**OTHERS**

**Dairy Product**



UHT



Pasteurized



Milk Tablet



**Others**



Jelly Joop



Good Water

**Other Beverages**



Turbot Maxx (RTD Coffee)





# 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)



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# AGENDA

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Company Overview

**Business Update**

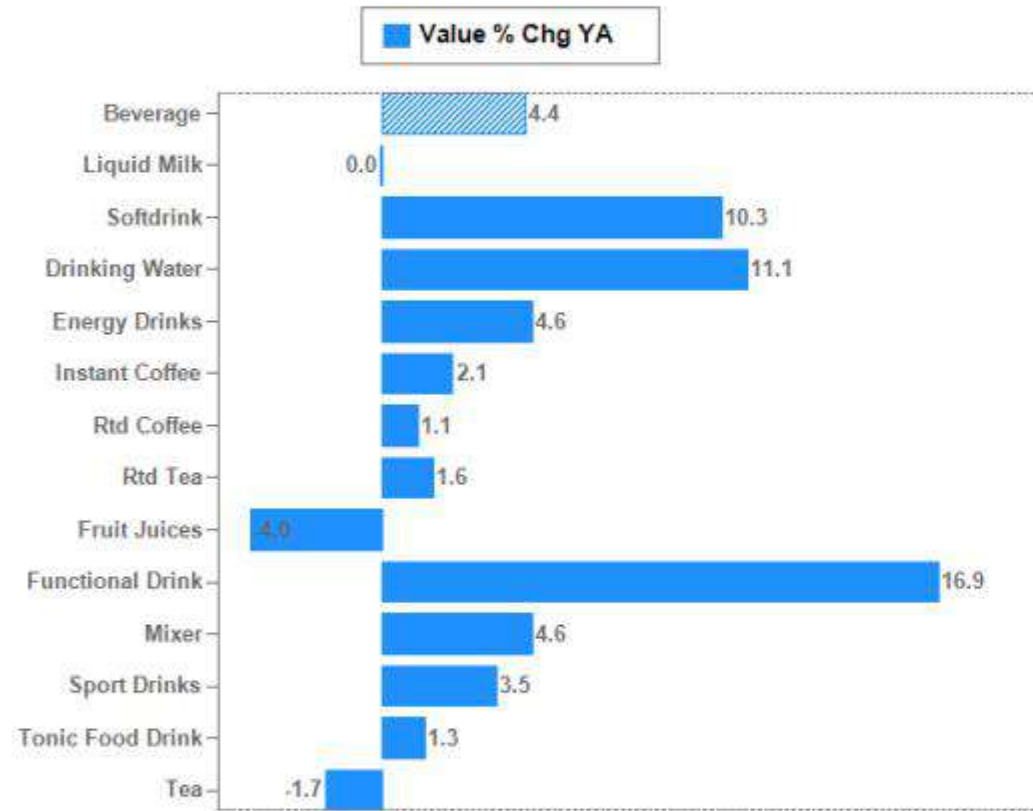
Results of Operations and Profitability

Forward Looking



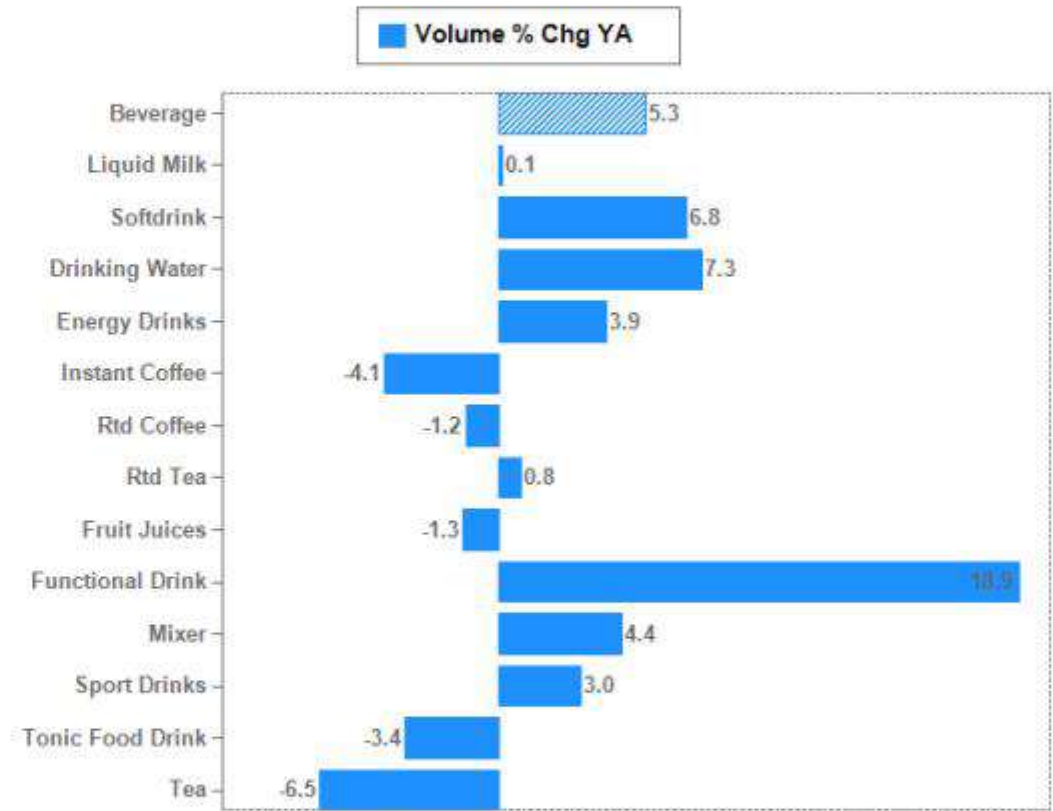
# Domestic Beverage Market: Q1/2020

Total Thailand+MTSR - MAT TY



BEVERAGE - sort by category size (value)

Total Thailand+MTSR - MAT TY

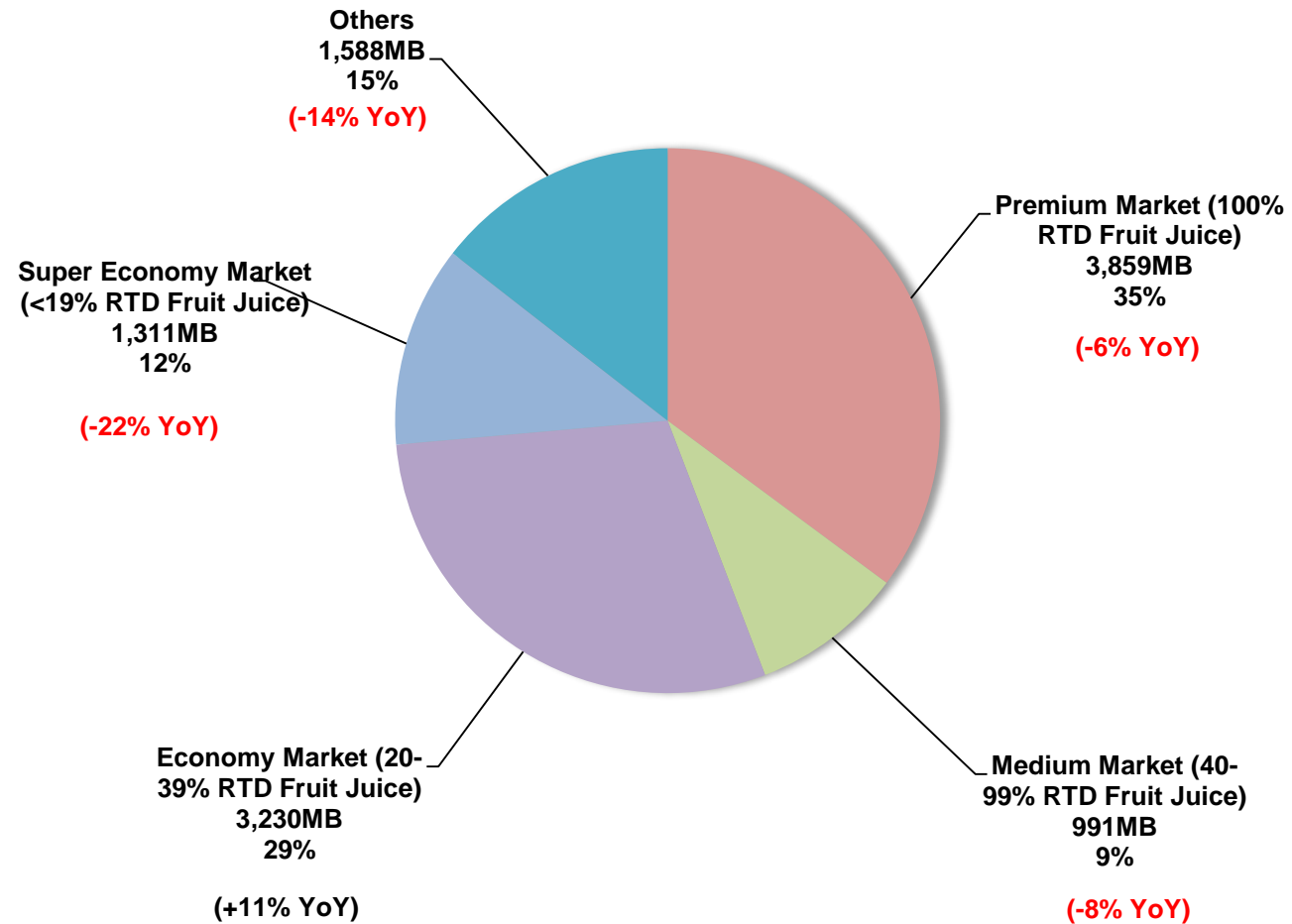


BEVERAGE - sort by category size (value)

Source: Nielsen

# Domestic RTD Fruit Juice Market

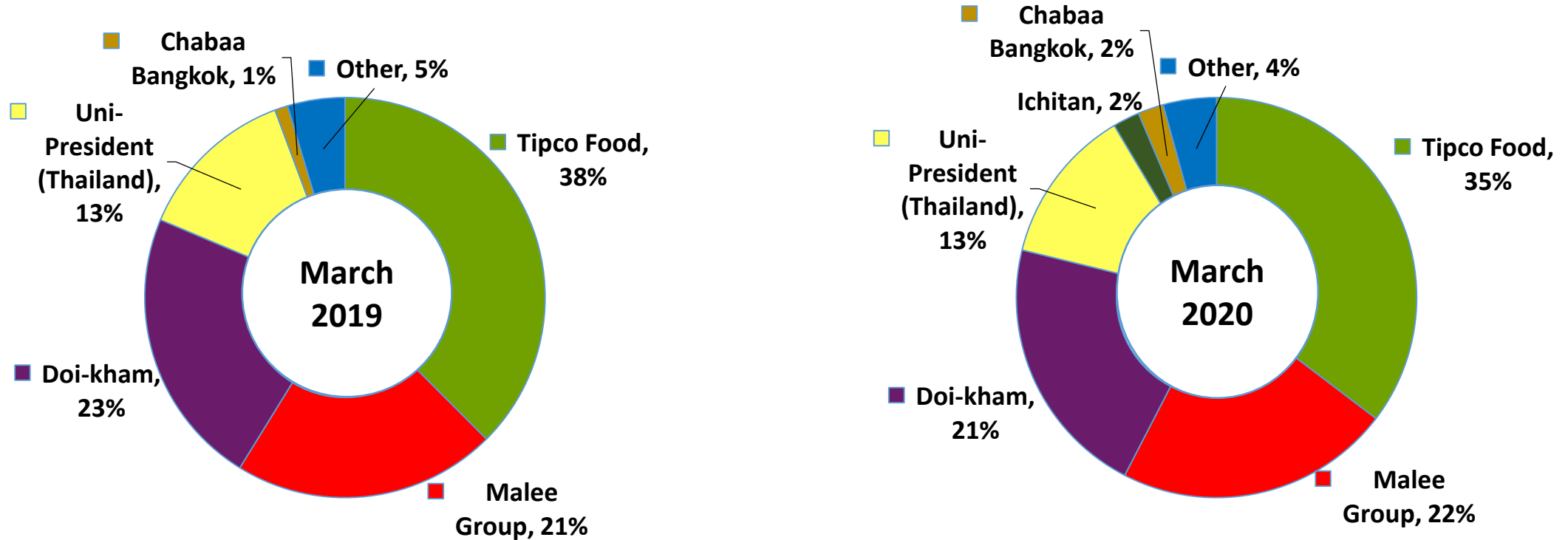
**MAT March 2020 Market Value of 10,979 MB, a Decrease of 7% YoY**



Source: Nielsen

# Domestic RTD Premium Fruit Juice UHT Market Share

**MAT March 2020 Market Value of 679MB, a Decrease of 6% YoY**

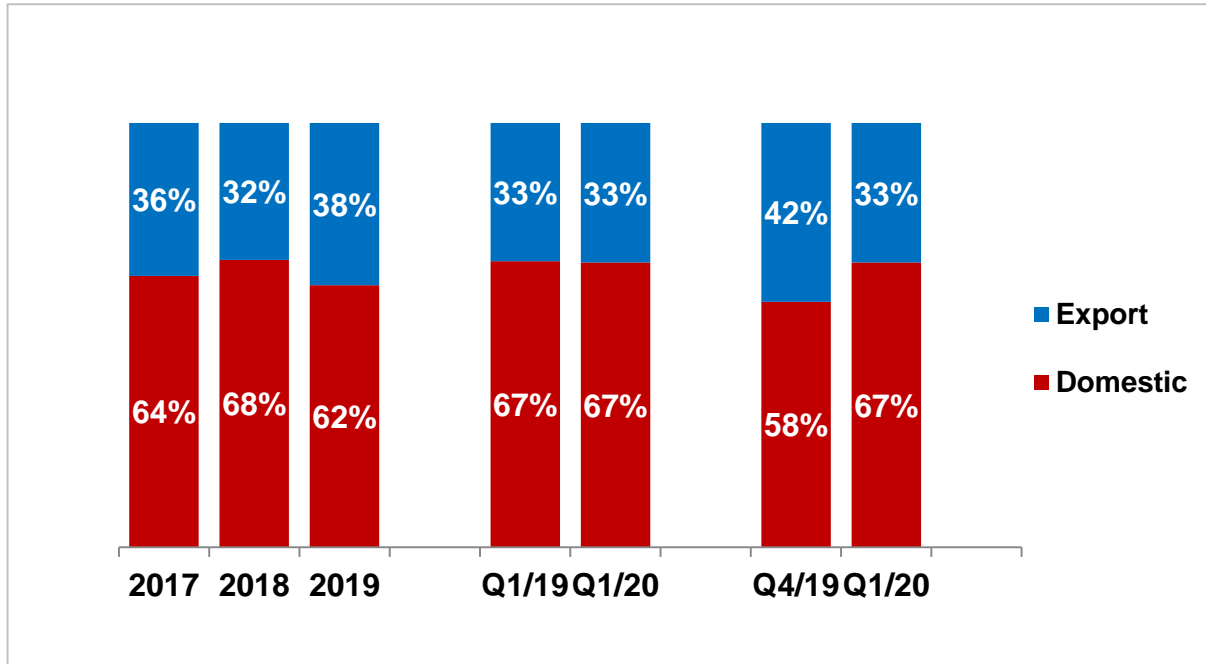


Source: Nielsen



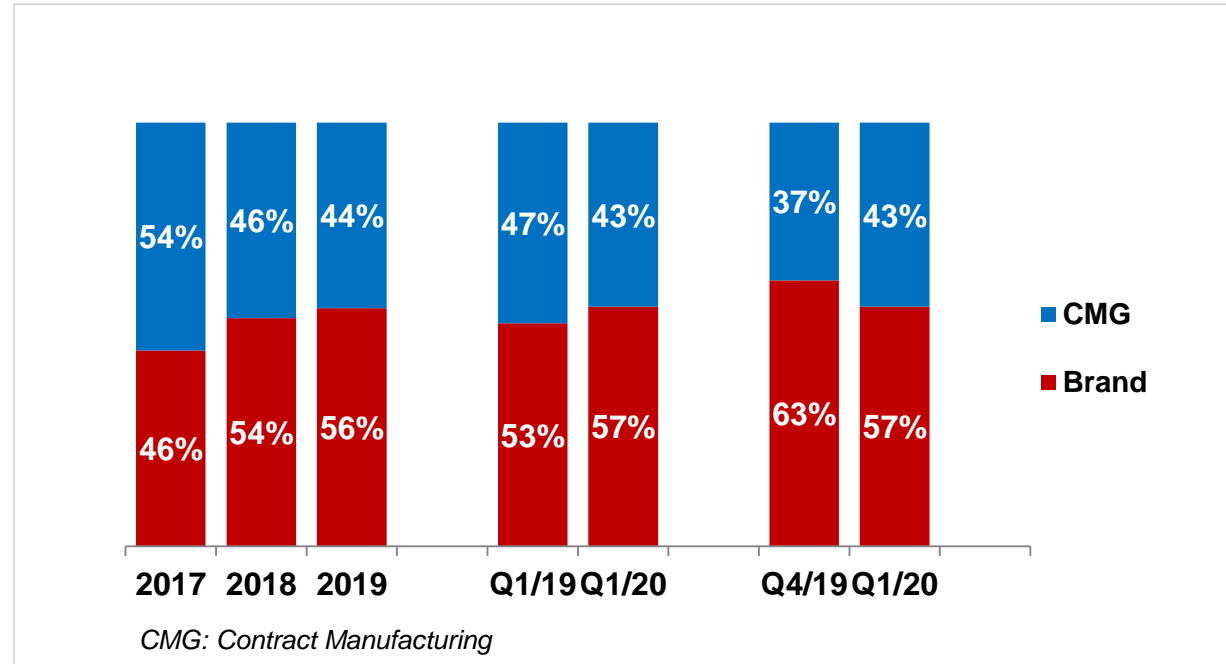
# Sales Structure

## Domestic : International Business



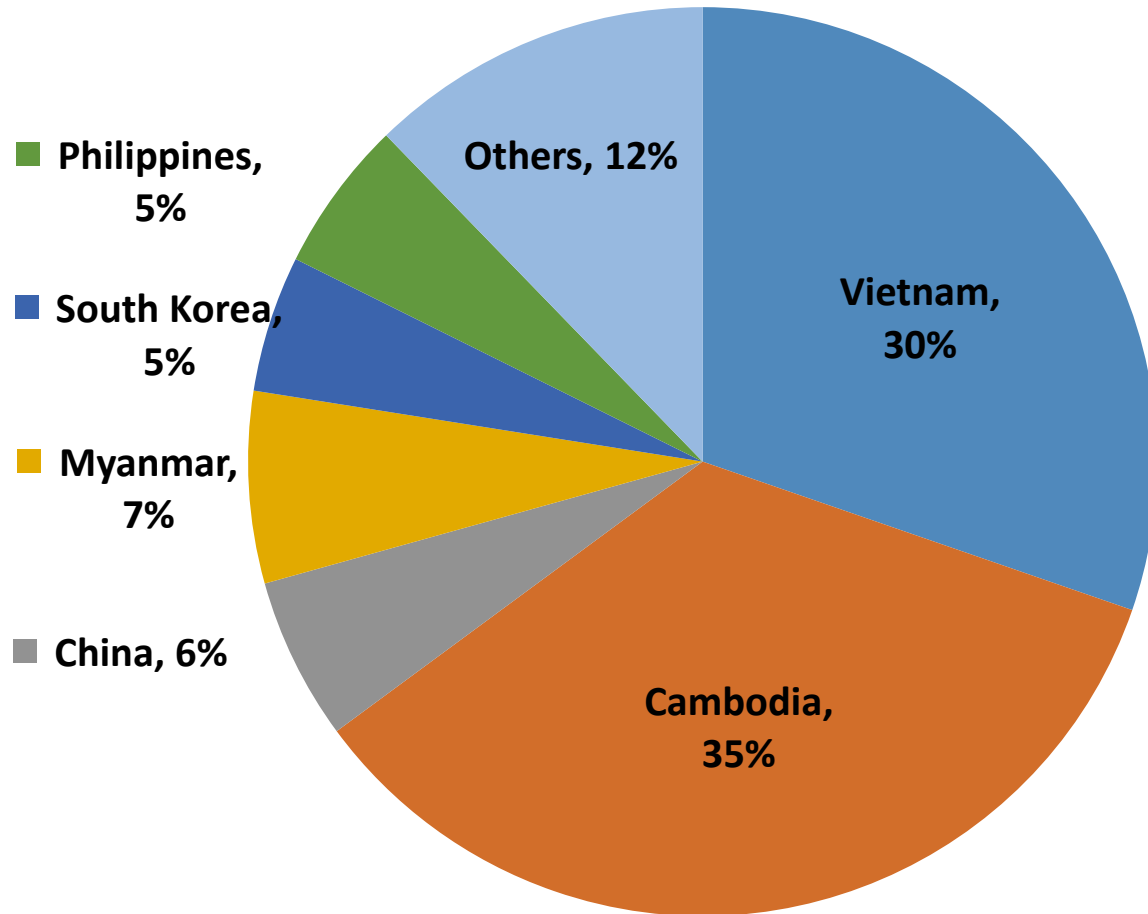
- Domestic Sales
  - Q1/2020 : -7% YoY
- Export Sales
  - Q1/2020 : -5% YoY

## Brand : Contract Manufacturing



- Brand Sales
  - Q1/2020 : +1% YoY
- CMG Sales
  - Q1/2020 : -14% YoY

# Q1/2020 Export Branded Sales by Country



- Q1/2020 Export branded expanded 6% YoY due to sales increase from fruit juice and milk products, and sales recognition from Long Quan Safe Food JSC (LQSF), Vietnam.
- If excluding LQSF (Vietnam), export Branded Business sales still increased 26% YoY

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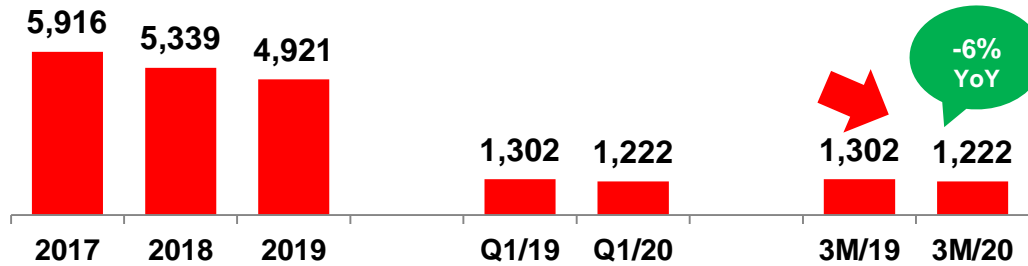
**Results of Operations and Profitability**

Forward Looking

# Financial Highlights

## Sales Revenue

Unit: Million Baht

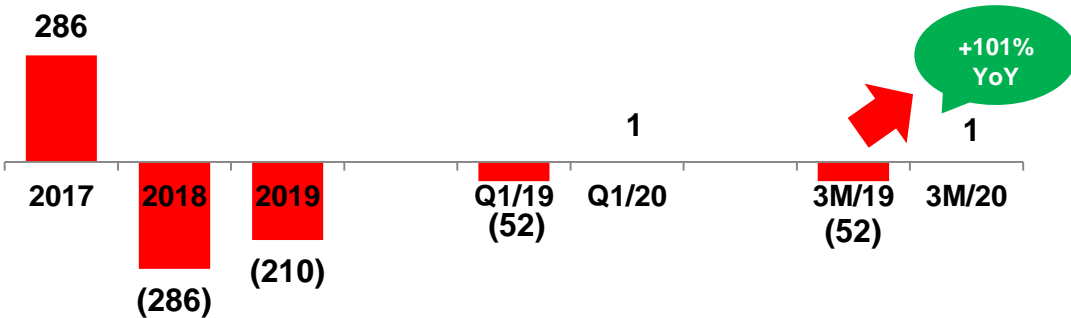


▪ **Q1/2020 Sales revenue of Baht 1,222 million, a decrease of 6% YoY, mainly due to**

- 1) Domestic Branded Business sales decreased 2% YoY. This decrease was mainly from the food service channel, such as sales from schools, airlines, hotels, clubs/bars, and restaurants especially in the tourist areas impacted from the COVID-19. Dairy portfolio adjustment also contributed to sales reduction.
- 2) Export Branded Business sales increased 6% YoY mainly due to sales increase from fruit juice and dairy products that grew 26% YoY. However, Long Quan Safe Food JSC (LQSF) Vietnam sales decreased 23% YoY.
- 3) Total Contract Manufacturing Business (CMG) sales decreased 14% YoY, partly effected from the pandemic.

## Net Profit

Unit: Million Baht



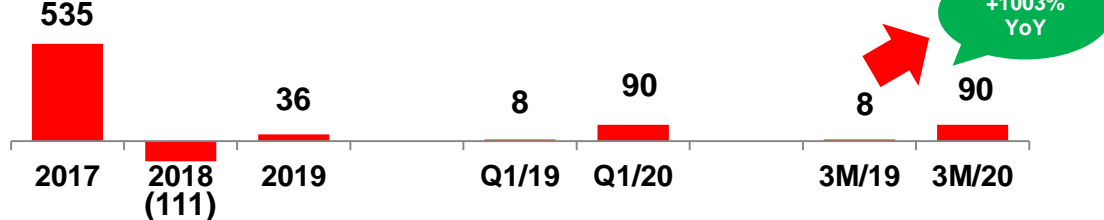
▪ **The Company and its subsidiaries achieved positive turnaround performance for the first time in 8 quarters.**

▪ **Net Profit of Baht 0.6 million in Q1/2020 versus net loss of Baht 52 million in Q1/2019, an increase of 101% YoY. Better performance resulted from**

- 1) increased Export Branded Business sales
- 2) cost of goods sold reduction
- 3) selling and administrative expense reduction according to the Company target. Cost and expense reductions were achieved through adjustment of sales and marketing strategies, inefficiencies identifications, and improved work processes throughout the Company.

## EBITDA

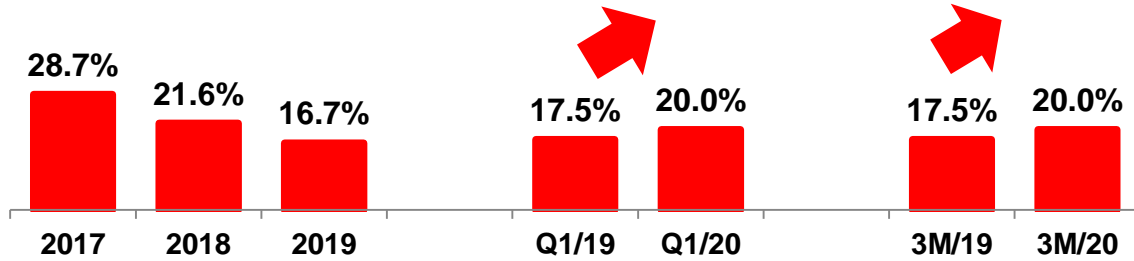
Unit: Million Baht



▪ **EBITDA in Q1/2020 was Baht 90 million, an increase of 1,003% from Q1/2019 that recognized EBITDA Baht 8 million mainly due to the reasons explained above for net profit.**

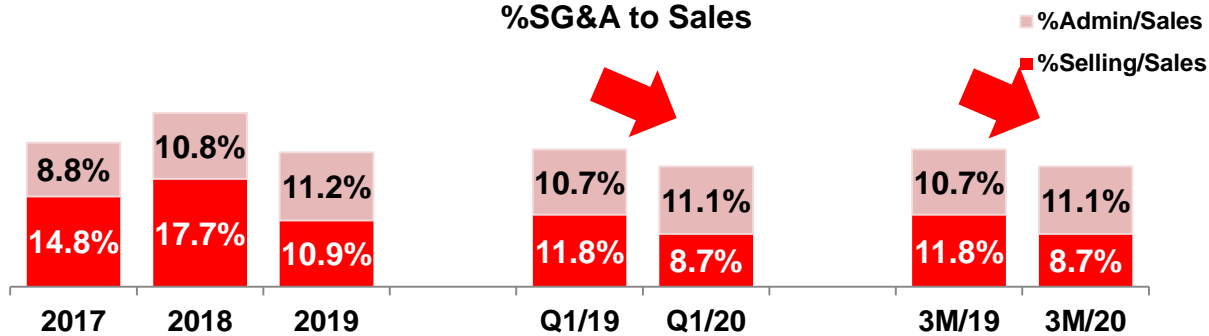
# Profitability Margin

**%Gross Profit Margin**



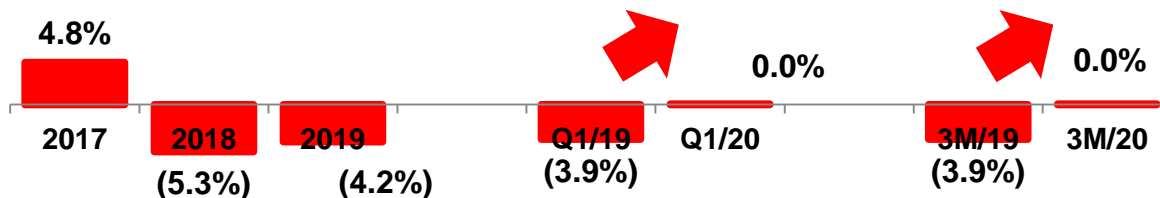
- Gross Profit Margin of Baht 244 million, an increase of 7% YoY, representing gross profit margin of 20%, growth from 17% in Q1/2019, mainly due to effective cost of goods sold control.

**%SG&A to Sales**



- Selling expenses of Baht 106 million, a decline of 31% YoY. Selling expenses to sales reduced to 9% from 12% in Q1/2019 due to efficiency selling expense cut and control.
- Administrative expenses of Baht 135 million, a decrease of 3% YoY. Administrative expenses to sales was fairly close to that of 11% in Q1/2019.

**%Net Profit Margin**



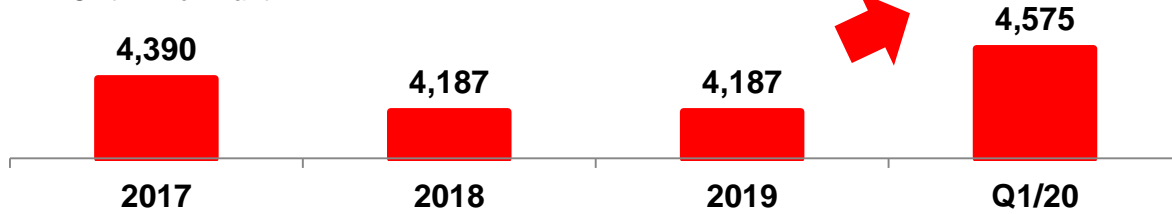
- Net profit of Baht 0.6 million in Q1/2020 versus net loss of Baht 52 million in Q1/2019, an increase of 101% YoY. Better performance resulted from 1) increased Export Branded Business sales; 2) cost of goods sold reduction; and 3) selling and administrative expense reduction according to the Company target. Cost and expense reductions were achieved through adjustment of sales and marketing strategies, inefficiencies identifications, and improved work processes throughout the Company.



# Statements of Financial Position

## Total Assets

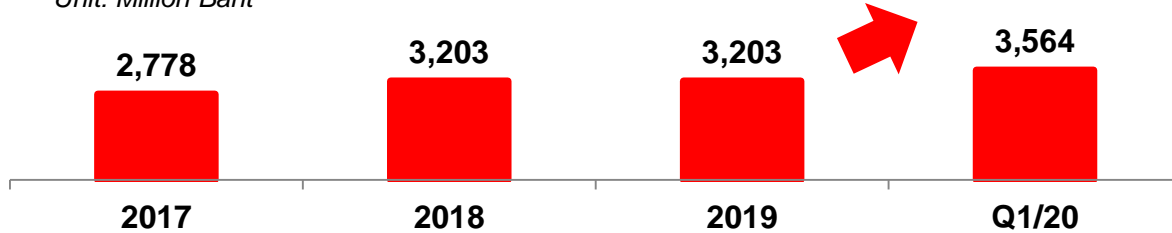
Unit: Million Baht



- 9% Increase of Total assets, mainly due to an increase in a right-of-use asset and a lease liability for all of leases with leasing term more than 12 months, according to TFRS 16 : Lease, effective 1 January 2020. In addition, the Company recorded a rise of account receivables and inventories.

## Total Liabilities

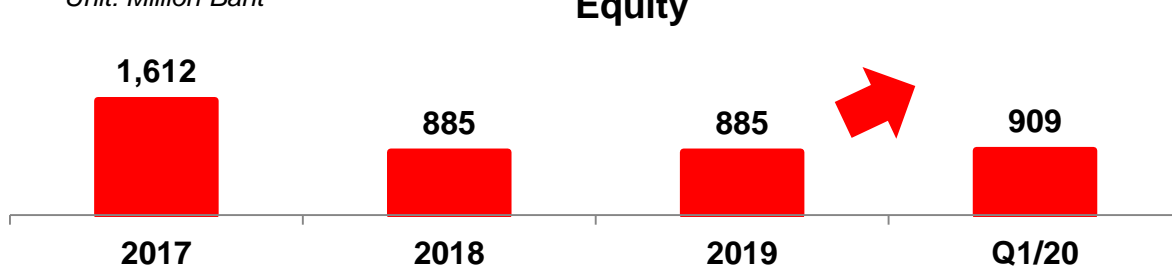
Unit: Million Baht



- 11% Increase of Total Liabilities, mainly due to an increase in a right-of-use asset and a lease liability for all of leases with leasing term more than 12 months, as a result of TFRS 16 : Lease, effective 1 January 2020 together with an increase of account payables.

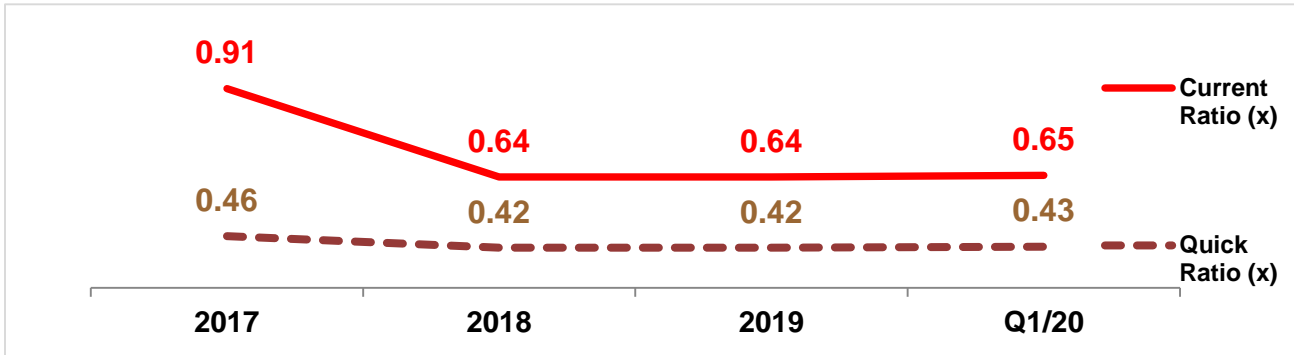
## Equity

Unit: Million Baht

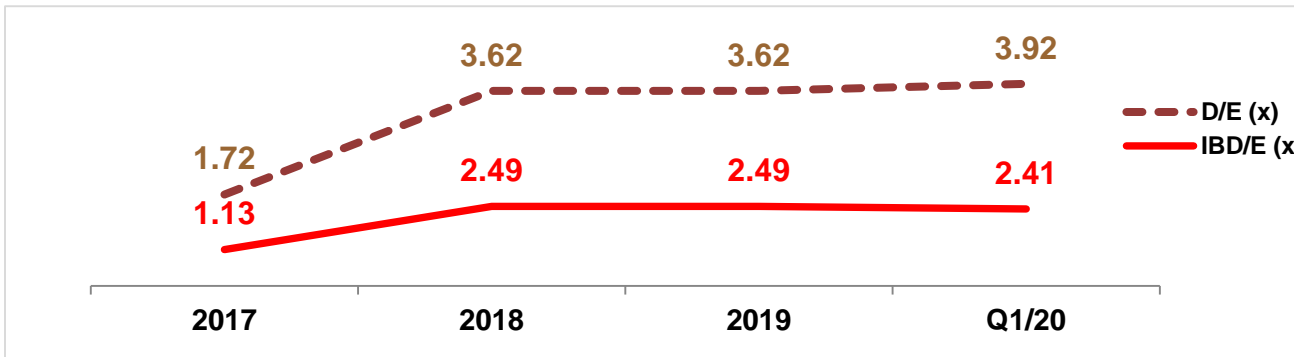


- 3% Increase of Equity, mainly due to other components of equity increment.

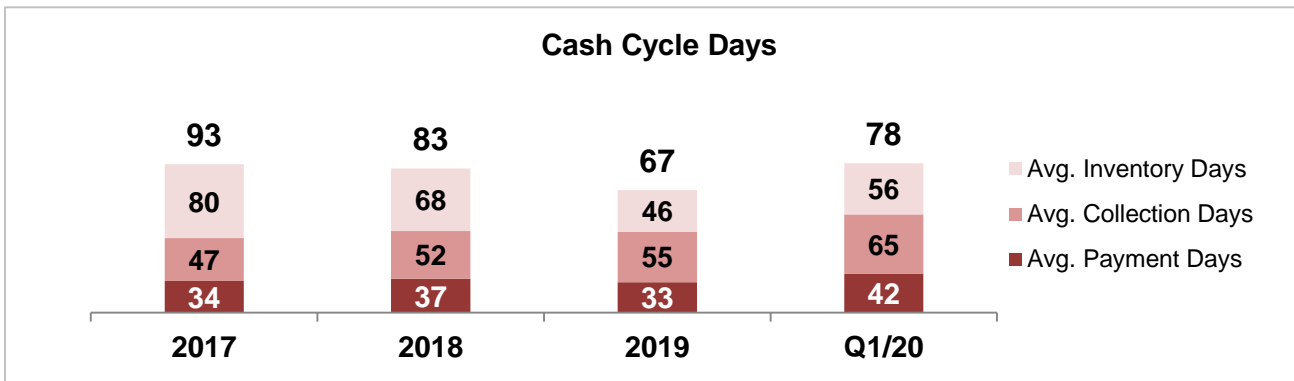
# Liquidity



- Increase Current ratio was mainly due to increases in account receivables and inventories were more than current liabilities that the Company repaid to loans from financial institutions.
- Higher quick ratio was mainly due to an increased trade receivables with a decrease in short-term loans and current portion of long-term loans.



- Increased D/E mainly due to an increase in a right-of-use asset and a lease liability for all of leases with leasing term more than 12 months, as a result of TFRS 16 : Lease, effective 1 January 2020. Resulting in total liabilities increased more than the increase of the parent company's shareholders.
- According to the previous accounting standards, Q1/2020 D/E would have been 3.57 which was lower than Q4/2019 D/E at 3.62, a decline of 1.3% QoQ mainly due to repayment of long-term loans and leasing loans as well as an increase of shareholders' equity.
- Decreased IBD/E mainly due to repayment of long-term loans and leasing loans as well as an increase of shareholders' equity.



- 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.

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**Forward Looking**



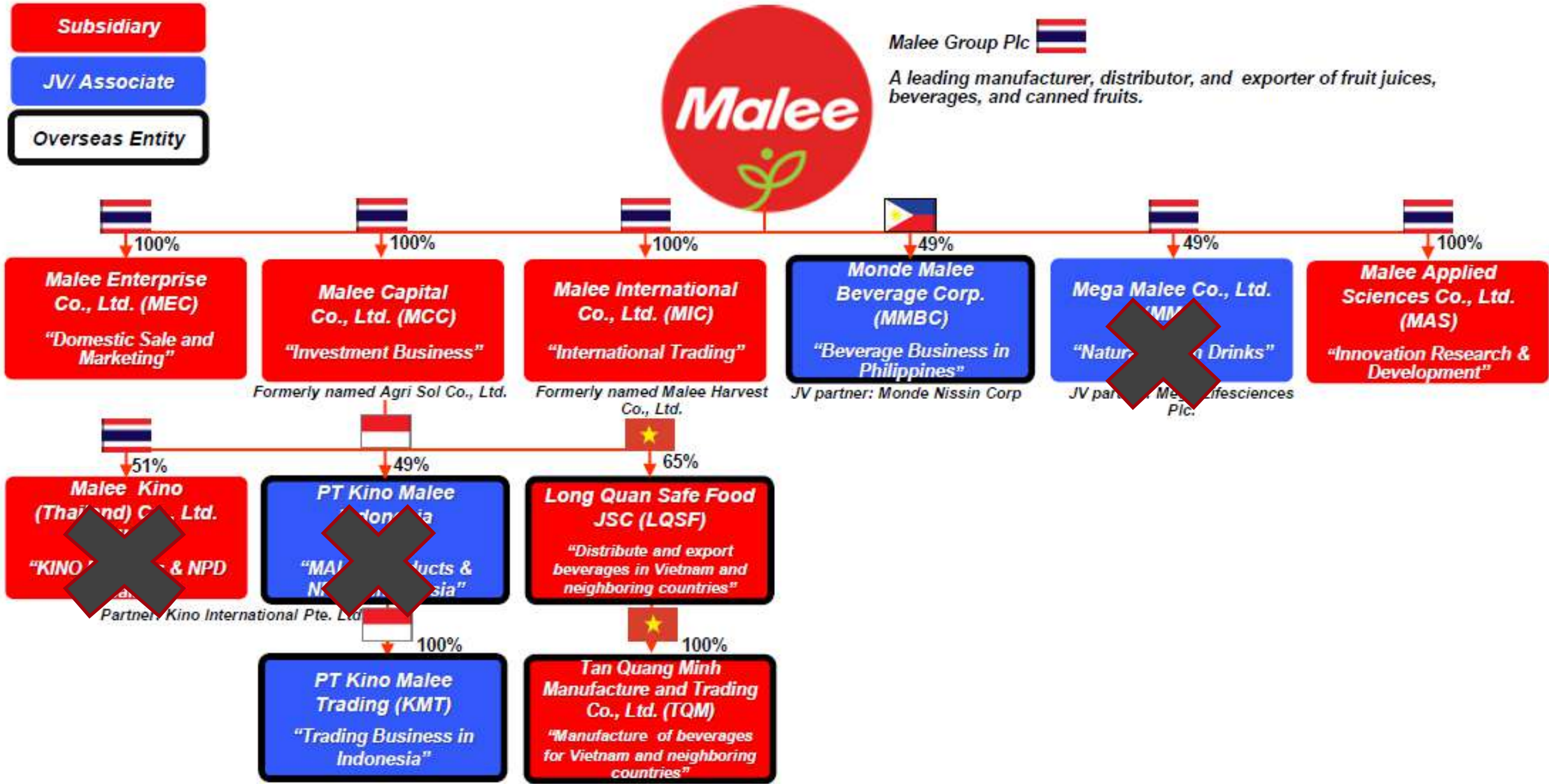
# Forward Looking

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- Short term, due to COVID-19 in 2020, the Company will closely monitor the situations and quickly adjust to the rapid changes especially focusing on cash flow management.
- Medium term, the Company will continue to improve our operations, focusing on:
  - Expanding Export Branded Business sales
  - Improving work processes in all areas for higher efficiency
  - Strictly controlling and reducing costs and expenses while maintaining and/or improving quality
  - Ramping up asset utilizations



# Joint Ventures Dissolutions





# Mega Malee Joint Venture Dissolution



*The Company strongly believes that the products of MMC still have high potential to become successful in Thailand but required continuous resources to educate consumers and gain sales traction.*

**Shareholders of the joint ventures have amicably agreed on the dissolution.**

## Mega Malee Company Limited (MMC)

*Est. Nov 2016*

Shareholding Structure	1. Malee Group Plc. (MGC) 49%	2. Mega Lifescience Plc. 51%
Business	Developer of New Businesses for Health Food and Beverage Products	
Paid-up Capital	Baht 30 million	
Resolutions date	Malee's Board meeting No. 2/2020 was held on 14 May 2020 and issued a resolution on the dissolution of JV	
Reason	<ul style="list-style-type: none"> <li>○ JV's Co. requires more resources</li> <li>○ Malee's strategy adjustment under the current economic situation</li> </ul>	
Benefits	<ul style="list-style-type: none"> <li>○ Improve Malee's profit by reducing the operating costs and expenses</li> <li>○ Improve cash flow position by reducing investment costs</li> <li>○ Focus Malee's resources on the core businesses</li> </ul>	
Disadvantages	<ul style="list-style-type: none"> <li>○ Reduce the opportunity to diversify business</li> </ul>	

# Malee Kino (Thailand) Joint Venture Dissolution



*The Company strongly believes that the products of MKT still have high potential to become successful in Thailand but required continuous resources to educate consumers and gain sales traction.*

**Shareholders of the joint ventures have amicably agreed on the dissolution.**

## Malee Kino (Thailand) Co., Ltd (MKT)

*Est. Jan 2018*

Shareholding Structure	1. Malee Capital Company Limited (MCC) 2. Kino International Pte. Ltd. (KINT)	51% 49%
Business	Distributor of Kino Products in Thailand	
Paid-up Capital	Baht 25 million	
Resolutions date	Malee's Board meeting No. 2/2020 was held on 14 May 2020 and issued a resolution on the dissolution of JV	
Reason	<ul style="list-style-type: none"> <li>○ JV's Co. requires more resources</li> <li>○ Malee's strategy adjustment under the current economic situation</li> </ul>	
Benefits	<ul style="list-style-type: none"> <li>○ Improve Malee's profit by reducing the operating costs and expenses</li> <li>○ Improve cash flow position by reducing investment costs</li> <li>○ Focus Malee's resources on the core businesses</li> </ul>	
Disadvantages	<ul style="list-style-type: none"> <li>○ Reduce the opportunity to diversify business</li> </ul>	

# Kino Malee Joint Venture Dissolution

## ***Not yet operation***

*KMI, the Company has no plan to invest in a new facility in Indonesia in the near future or utilize this investment on other matters.*

***Shareholders of the joint ventures have amicably agreed on the dissolution.***

<b>PT Kino Malee Indonesia Co., Ltd. (KMI)</b>		<i>Est. Nov 2017</i>
Shareholding Structure	1. Malee Capital Company Limited (MCC) 2. Kino International Pte. Ltd. (KINT)	49% 51%
Business	Manufacturer of a new beverage brand in Indonesia	
Paid-up Capital	IDR 40,000,000,000 (Approx. Baht 100 million)	
Resolutions date	Malee's Board meeting No. 2/2020 was held on 14 May 2020 and issued a resolution on the dissolution of JV	
Reason	<ul style="list-style-type: none"> <li>○ No plans in the near future to invest in manufacturing facility in Indonesia or utilize this investment on other matters</li> <li>○ Malee's strategy adjustment under the current economic situation</li> </ul>	
Benefits	<ul style="list-style-type: none"> <li>○ Improve cashflow</li> <li>○ Focus Malee's resources on the core businesses</li> </ul>	
Disadvantages	<ul style="list-style-type: none"> <li>○ If decide to invest in manufacturing facility in the future, will have to reset-up the company</li> </ul>	

***Remark : Remark: PT Kino Malee Trading Co., Ltd (KMT), an importer & distributor of Malee products in Indonesia, still operates as normal. The dissolution of KMI does not affect the current operations of KMT.***

# Share Endorsements

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**“Excellent” Level of CG Scoring**





Thank You