

Management Discussion and Analysis

For the Operating Results of Q2/2021



Srithai Superware Public Company Limited



SITHAI-0801/64

11 August 2021

Subject Management Discussion and Analysis for Q2/2021

Dear President

The Stock Exchange of Thailand

Srithai Superware Public Company Limited (the “Company”) wishes to report the operating results of Q2/2021 and H1/2021 as follows:

1. Summary of Operating Results of the Group

Table 1: Summary of Operating Results of the Group

(Unit: Million Baht)	Q2/2021	Q2/2020	YoY		H1/2021	H1/2020	YoY	
			+/(−)	%			+/(−)	%
Revenues	1,840	1,547	293	18.9%	3,695	3,470	225	6.5%
Gross Profit	203	129	74	57.4%	448	371	77	20.8%
Gross Profit (%)	11.0%	8.3%	2.7%	-	12.1%	10.7%	1.4%	-
Operating profit (loss)	19	(40)	59	147.5%	78	(7)	85	1,214.3%
Operating profit (loss) margin (%)	1.0%	(2.6%)	3.6%	-	2.1%	(0.2%)	2.3%	-
EBITDA*	216	156	60	38.5%	466	400	66	16.5%
EBITDA Margin (%)	11.7%	10.1%	1.7%	-	12.6%	11.5%	1.1%	-
Net profit (loss) for the period	31	(64)	95	148.4%	99	(25)	124	496.0%
Net profit (loss) on sales (%)	1.7%	(4.1%)	5.8%	-	2.7%	(0.7%)	3.4%	-
Profit (loss) attributable to equity holders of the Company	32	(58)	90	155.2%	95	(22)	117	531.8%
Earning (loss) per share (Baht)	0.012	(0.021)	0.033	-	0.035	(0.008)	0.043	-

Note:

*EBITDA excluding share of profit from investments in associates

The Group’s total operating result for Q2/2021 compared with Q2/2020 improved significantly with profit attributable to the equity holders of the Company of Baht 32 million (Q2/2020: net loss of Baht 58 million), increased by 155.2% YoY. The Group’s revenues for Q2/2021 amounted to Baht 1,840 million, an increase of Baht 293 million (+18.9%) from Q2/2020. In addition, revenues for H1/2021 were Baht 3,695 million, an increase of Baht 225 million (+6.5%) YoY. This was primarily attributable to the recovery of exports and the growth of industrial products from domestic and Vietnam operations. Although ASEAN countries still intensely face a new wave of Covid-19 outbreak, the situation in Europe and the US have improved and gradually returned to normal as majority of population had received Covid-19 vaccination.

Gross profit for Q2/2021 amounted to Baht 203 million, increased by Baht 74 million (+57.4%) YoY and gross profit margin increased from 8.3% in Q2/2020 to 11.0%. Gross profit for H1/2021 amounted to Baht 448 million, an

increase of 20.8% YoY, with gross profit margin increased from 10.7% in H1/2020 to 12.1%. This resulted from the Group's internal restructuring, better costs and expenses management including improvement of production efficiency, despite the price hike in raw materials compared with the previous year.

The Group's operating profit for Q2/2021 amounted to Baht 19 million, representing 1.0% of revenues, compared with operating loss amounting to Baht 40 million or negative 2.6% of revenues in Q2/2020. Operating profit for H1/2021 amounting to Baht 78 million, representing 2.1% of revenues, improved from operating loss 0.2% of revenues in H1/2020.

Earnings before interest, tax, depreciation and amortization ("EBITDA") in Q2/2021 amounted to Baht 216 million or EBITDA margin of 11.7%, increased by Baht 60 million (Q2/2020: EBITDA margin of 10.1%), and EBITDA for H1/2021 amounting to Baht 466 million or EBITDA margin of 12.6% improved from 11.5% of H1/2020. Profit Per Share was Baht 0.012 for Q2/2021 and Baht 0.035 for H1/2021, an increase from a Loss Per Share of Baht 0.021 in Q2/2020 and a Loss Per Share of Baht 0.008 in H1/2020.

2. Operating Results by Segment

Figure 1: Proportion of revenues by segment in Q2/2021

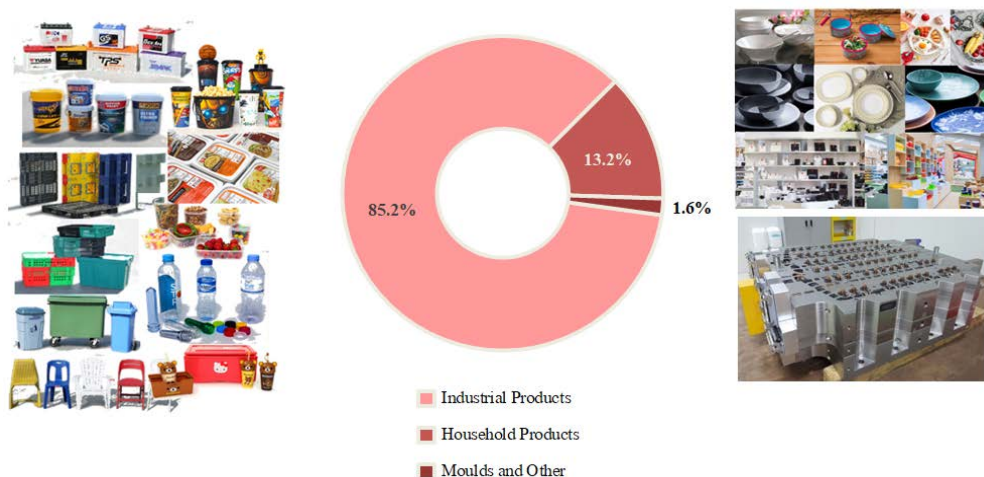
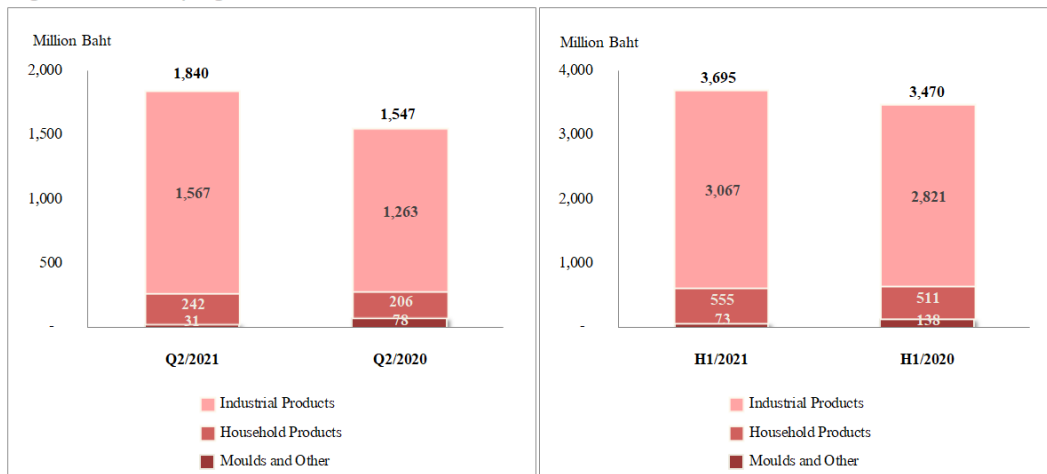


Figure 2: Revenues by Segment



2.1 Plastic Business Line

2.1.1 Household Products

Table 2: Summary of Operating Results of Household Products

(Unit: Million Baht)	Q2/2021	Q2/2020	YoY		H1/2021	H1/2020	YoY	
			+ / (-)	%			+ / (-)	%
Revenues	242	206	36	17.5%	555	511	44	8.6%
Domestic operations	199	164	35	21.3%	439	411	28	6.8%
Overseas operations	43	42	1	2.4%	116	100	16	16.0%
Operating profit (loss)	(5)	(54)	49	90.7%	1	(81)	82	101.2%
Operating profit (loss) margin (%)	(2.1%)	(26.2%)	24.1%	-	0.2%	(15.9%)	16.0%	-
EBITDA*	11	(30)	41	136.7%	35	(35)	70	200.0%
EBITDA Margin (%)	4.5%	(14.6%)	19.1%	-	6.3%	(6.8%)	13.2%	-

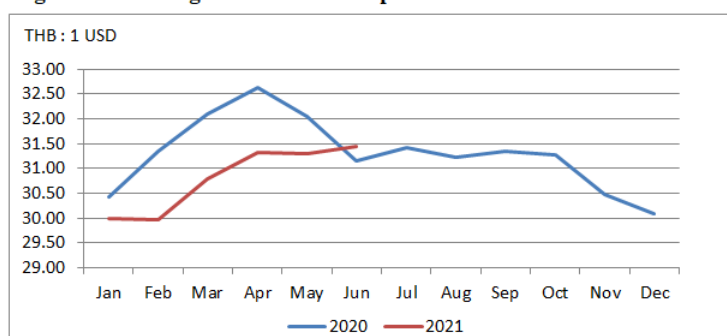
Note:

*EBITDA excluding other income and share of profit from investments in associates

Operating results Q2/2021 vs. Q2/2020 and H1/2021 vs. H1/2020

- Revenues increased by Baht 36 million (+17.5%) for the quarter and increased by Baht 44 million (+8.6%) for first half. This was mainly due to the increase in export sales of domestic operation as a result of the improved Covid-19 situation in Europe and the US as the majority of population received vaccines. A number of businesses started to recover and open, as well as our customers began to place orders for new products and co-developed products, including orders for products to sell during the Olympic Games in Japan. In addition, in Q2/2021 the Thai Baht depreciated against the US dollar (as shown in Figure 3), made the price of our products competitive. Compared with the first half of 2020, H1/2021 shows revenues of overseas operations continued to increase from subsidiaries in India due to more relaxed lockdown than the previous year, and subsidiaries in Vietnam due to relatively low infection rate of Covid-19.

Figure 3: Exchange rate trend Baht per US Dollar

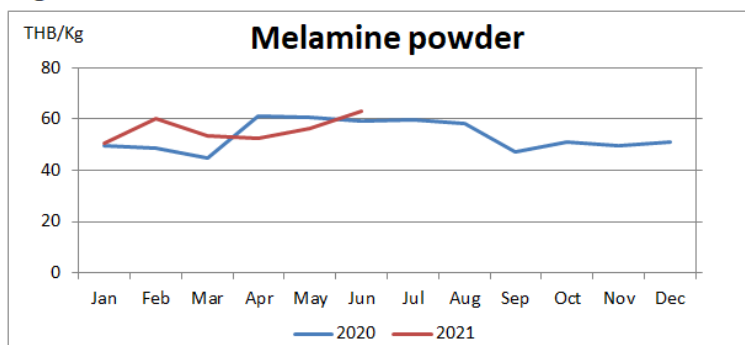


Source: BOT

- EBITDA increased by Baht 41 million (+136.7%) for the quarter and increased by Baht 70 million (+200.0%) for first half from improved operating results, primarily due to increased sales despite rising raw material prices compared

with the same period last year as shown in Figure 4. In addition, as a result of the internal restructuring, the Group had better control over the operating expenses, turning the loss in the previous year into positive operating result as well as EBITDA in H1/2021.

Figure 4: Price trend of main raw material from 2020



Source: The Company's research

2.1.2 Industrial Products

Table 3: Summary of Operating Results of Industrial Products

(Unit: Million Baht)	Q2/2021	Q2/2020	YoY		H1/2021	H1/2020	YoY	
			+/(-)	%			+/(-)	%
Revenues	1,567	1,263	304	24.1%	3,067	2,821	246	8.7%
Domestic operations	945	786	159	20.2%	1,985	1,892	93	4.9%
Overseas operations	622	477	145	30.4%	1,082	929	153	16.5%
Operating profit (loss)	31	2	29	1,450.0%	88	56	32	57.1%
Operating profit (loss) margin (%)	2.0%	0.2%	1.8%	-	2.9%	2.0%	0.9%	-
EBITDA*	175	154	21	13.6%	376	364	12	3.3%
EBITDA Margin (%)	11.2%	12.2%	(1.0%)	-	12.3%	12.9%	(0.6%)	-

Note:

*EBITDA excluding other income and share of profit from investments in associates

Operating results Q2/2021 vs. Q2/2020 and H1/2021 vs. H1/2020

● Revenues increased by Baht 304 million (+24.1%) for the quarter and increased by Baht 246 million (+8.7%) for first half from industrial products of both domestic and overseas operations, as follows:

- Battery cases and vehicle parts, the automotive industry has recovered from the previous year. The volume of vehicle production and distribution are expanded especially in other commercial vehicle group with high production volume due to the surge in logistics and transportation industry.
- Paint pails; a subsidiary in Vietnam had received continued orders for new products which were co-developed with customers.
- Material handling equipment such as pallets and containers, orders from customers increased and a subsidiary in

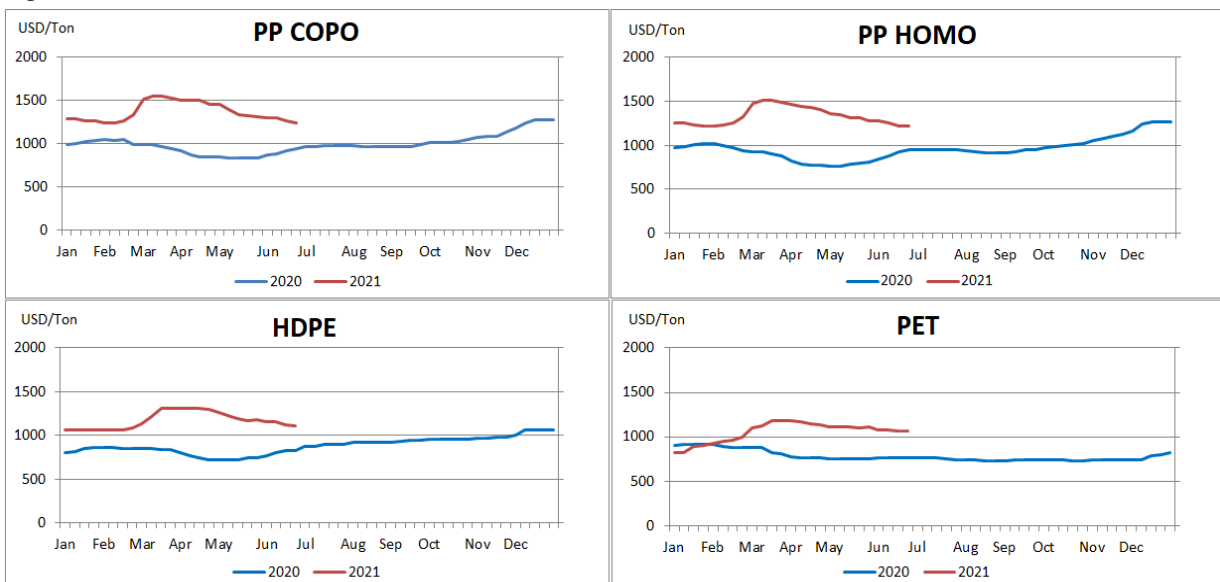
Vietnam received more basket orders for vegetables and consumer goods by modern trade customers.

- Garbage bins, red bins orders increase consistently for infectious waste.
- Furniture, orders for plastic chairs increased for use at a number of vaccination centers.

For the beverage packaging products, sales increased mainly from subsidiaries in Vietnam. Although it is the high season for beverage, domestic sales of beverage packaging slightly increased in Q2/2021 because of the outbreak control by the government in the strict control areas resulting in the decrease in consumption and spending, together with the cancellation or postponement of promotional activities and events.

● EBITDA increased by Baht 21 million (+13.6%) for the quarter and increased by Baht 12 million (+3.3%) for first half from an increase in operating profit due to the improvement of production efficiency, procurement and production planning, despite higher raw material costs compared with the previous year (shown in Figure 5). Each type of raw materials is used to produce the following products.

Figure 5: Price trend of main raw materials from 2020



Source: ICIS

- PP COPO for paint pails, containers, and battery cases
- PP HOMO for furniture
- HDPE for pallets, garbage bins, crates, and closures
- PET for preform

2.2 Moulds and Others Business Line

Table 4: Summary of Operating Results of Moulds and Others Business Line

(Unit: Million Baht)	Q2/2021	Q2/2020	YoY		H1/2021	H1/2020	YoY	
			+ / (-)	%			+ / (-)	%
Revenues	31	78	(47)	(60.3%)	73	138	(65)	(47.1%)
Moulds	31	78	(47)	(60.3%)	73	138	(65)	(47.1%)
Operating profit (loss)	(7)	12	(19)	(158.3%)	(11)	18	(29)	(161.1%)
Operating profit (loss) margin (%)	(22.6%)	15.4%	(38.0%)	-	(15.1%)	13.0%	(28.1%)	-
EBITDA*	(3)	14	(17)	(121.4%)	(5)	23	(28)	(121.7%)
EBITDA Margin (%)	(9.7%)	17.9%	(27.6%)	-	(6.8%)	16.7%	(23.5%)	-

Note:

*EBITDA excluding other income and share of profit from investments in associates

Operating results Q2/2021 vs. Q2/2020 and H1/2021 vs. H1/2020

- Revenues decreased by Baht 47 million (-60.3%) for the quarter and decreased by Baht 65 million (-47.1%) for the first half due to the delay in delivery of moulds by domestic subsidiaries, as the automotive manufacturers temporarily ceased their operation last year, resulting in orders for moulds production were reduced, leading to the decrease in delivery and recognition of revenues this year. As the automotive industry started to recover, the orders received this year would be expected to deliver to customers by the end of this year and next year.
- EBITDA decreased by Baht 17 million (-121.4%) for the quarter and decreased by Baht 28 million (-121.7%) for first half due to operating loss as most sales this year came from electrical appliances and other small moulds which generated low profit margin.

3. Financial Position

As at 30 June 2021, compared with the end of 2020, the Group had total assets of Baht 8,158 million, an increase of Baht 499 million, which comprised the following key items:

➤ Trade receivables amounted to Baht 1,483 million, increased by Baht 153 million, especially for receivables of industrial products in line with an increase in sales of subsidiaries in Vietnam.

➤ Inventories amounted to Baht 1,062

Table 5: Key items in Statement of financial position

(Unit: Million Baht)	30 Jun 21	31 Mar 21	31 Dec 20	Increase (Decrease)
Trade receivables	1,483	1,541	1,330	153
Inventories	1,062	906	860	202
Property, plant and equipment	3,665	3,724	3,782	(117)
Total assets*	8,158	7,950	7,659	499
Trade payables	1,052	995	798	254
Short-term loans	1,603	1,579	1,646	(43)
Long-term loans	738	715	734	4
Total liabilities*	4,168	4,040	3,866	302
Total shareholders' equity*	3,990	3,910	3,793	197

Note:

*Total lines extracted from Statements of Financial Position

million, increased by Baht 202 million, from stocking raw materials in order to mitigate the impact of higher raw material prices and finished goods to support orders received from customers

➤ Property, Plant and Equipment amounted to Baht 3,665 million, decreased by Baht 117 million due mainly to depreciation.

Total liabilities amounted to Baht 4,168 million, increased by Baht 302 million which comprised the key items as follows:

➤ Trade payables amounted to Baht 1,052 million, increased by Baht 254 million from the increase in purchase orders of raw materials in order to support the production volumes for orders.

➤ Total loans amounted to Baht 2,341 million, decreased by Baht 39 million, consisted of the decrease in short-term loans by Baht 43 million due to scheduled repayment of loans, while long-term loans increased by Baht 4 million due to loans drawdown of subsidiaries in Vietnam.

Total shareholders' equity amounted to Baht 3,990 million, increased by Baht 197 million, deriving from the improvement in operating profit.

4. Cash flow

The Group had an increase in cash and cash equivalents by Baht 270 million, consisting of:

➤ Cash flow from operating activities amounted to Baht 436 million, decreased from prior year mainly due to the increase in operating assets such as trade receivables and inventories.

➤ Cash flow used in investment activities amounted to Baht 96 million, decreased from prior year due to lower additional purchase of fixed assets.

➤ Cash flow used in financing activities amounted to Baht 70 million, lower than the prior year due to the decrease in scheduled principal repayment of long term loans in spite of having additional drawdown of long term loans by subsidiaries in Vietnam.

As at 30 June 2021, the Group still had available unused credit facilities totaling more than Baht 3 billion comprising overdraft facilities, working capital and long term loan credit lines.

Table 6: Cash flow statement

(Unit: Million Baht)	6 months	6 months
	2021	2020
Net cash flows from operating activities	436	530
Net cash flows used in investing activities	(96)	(130)
Net cash flows used in financing activities	(70)	(246)
Net increase (decrease) in cash and cash equivalents	270	154

5. Key Financial Ratios

Table 7: Key Financial Ratios

Description	Unit	Q2/2021	Q2/2020	H1/2021	H1/2020
Liquidity Ratio					
Current Ratio	Times	1.1	1.0	1.1	1.0
Working Capital Ratios					
Collection Period	Days	72.6	80.7	72.3	72.0
Inventory Turnover Period	Days	58.4	68.3	58.9	62.5
Payment Period	Days	57.9	47.0	58.3	43.0
Cash Cycle	Days	73.1	102.0	72.8	91.4
Profitability Ratios					
Return on Equity	%	0.8	(1.6)	2.5	(0.7)
Return on Operating Assets	%	0.8	(1.5)	2.5	(0.6)
Financial Structure Ratios					
Debt to Equity	Times	1.0	1.1	1.0	1.1
Net Interest Bearing Debt to Equity	Times	0.4	0.6	0.4	0.6

Note:

Current Ratio	=	Total current assets / Total current liabilities
Collection Period	=	Trade receivables / Sales x average period days
Inventory Turnover Period	=	Inventories / Cost of sales x average period days
Payment Period	=	Trade payables / Cost of sales x average period days
Cash Cycle	=	Collection Period + Inventory Turnover Period - Payment Period
Return on Equity	=	Net profit for the period / Total shareholders' equity x 100
Return on Operating Assets	=	Net profit for the period / Property, plant and equipment, Intangible assets and Right-of-use assets x 100
Debt to Equity	=	Total debt / Total shareholders' equity
Net Interest Bearing Debt to Equity	=	Interest Bearing Debt net - (cash and cash equivalents + short-term investments) / Total shareholders' equity

6. Sustainability Management

The Company places great importance on the sustainability of our business operations by adhering to transparent, fair and verifiable business operations for the benefit of our partners, suppliers, customers, employees, shareholders, communities and all stakeholders. With regard to the environmental dimension, the Company participates in the organization's carbon footprint projects which give management direction and guidelines to reduce greenhouse gas emissions effectively. The Company also operates in the collaboration with partners through waste segregation projects, the recycling of PET bottles projects, as well as the production of products from recycled materials for environment. On the social dimension, in addition to the existing sustainability management projects, during this Covid-19 pandemic, the Company has cooperated with the Bangkok Metropolitan Administration to establish a Community Isolation Center of the

Rasburana District Office at the Company's warehouse. This center is regarded as 1 of the 50 centers to support and take care of Covid-19 patients who wait for beds or are stranded in many local communities. The Company focuses on health and safety of our internal and external stakeholders to be consistent with our business approach. This is an integral part of our strategy, where we add value to the communities in which we operate and allow these communities to grow sustainably together with us.

Please be informed accordingly.

Yours faithfully,

Srithai Superware Public Company Limited

Chaiwat Kulphattaravanich

Director and Company Secretary

Company Secretary Office



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