



## Management Discussion and Analysis For the Operating Results of Q1/2023

**Srithai Superware Public Company Limited**



SITHAI-0501/66

12 May 2023

Subject Management Discussion and Analysis for Q1/2023

Dear President

The Stock Exchange of Thailand

Srithai Superware Public Company Limited (the “Company”) wishes to report the operating results of Q1/2023 as follows:

## 1. Summary of Operating Results of the Group

**Table 1: Summary of Operating Results of the Group**

(Unit: Million Baht)	Q1/2022	Q4/2022	Q1/2023	YoY		QoQ	
				+/(−)	%	+/(−)	%
<b>Sales</b>	<b>2,134</b>	<b>2,383</b>	<b>2,190</b>	<b>56</b>	<b>2.6%</b>	<b>(193)</b>	<b>(8.1%)</b>
Gross Profit	279	337	302	23	8.2%	(35)	(10.4%)
Gross Profit (%)	13.1%	14.1%	13.8%	0.7%	-	(0.4%)	-
Operating profit	82	99	103	21	25.6%	4	4.0%
Operating profit margin (%)	3.8%	4.2%	4.7%	0.9%	-	0.5%	-
Gain (loss) on exchange rate	(1)	(20)	(2)	(1)	(100.0%)	18	90.0%
<b>EBITDA*</b>	<b>263</b>	<b>256</b>	<b>275</b>	<b>12</b>	<b>4.6%</b>	<b>19</b>	<b>7.4%</b>
EBITDA Margin (%)	12.3%	10.7%	12.6%	0.2%	-	1.8%	-
Net profit for the period	73	60	85	12	16.4%	25	41.7%
Net profit on sales (%)	3.4%	2.5%	3.9%	0.5%	-	1.4%	-
<b>Profit attributable to equity holders of the Company</b>	<b>70</b>	<b>57</b>	<b>82</b>	<b>12</b>	<b>17.1%</b>	<b>25</b>	<b>43.9%</b>
Earning per share (Baht)	0.026	0.021	0.030	0.004	-	0.009	-

Note:

\*EBITDA excluding share of profit from investments in associates

The Group’s sales of Baht 2,190 million in Q1/2023 slightly increased by Baht 56 million (+2.6%) YoY. This was mainly attributable to the sales growth of industrial products particularly beverage packaging products of subsidiaries in Vietnam, and the sales growth of household products of subsidiaries in Vietnam and India. However, compared with Q4/2022, sales decreased by Baht 193 million (-8.1%) QoQ from industrial products of domestic operations and household products from both domestic and overseas operations due to the decline in purchasing volume and spending after various sales events and the New Year’s festival.

Gross profit in Q1/2023 amounted to Baht 302 million with gross profit margin of 13.8% increasing from 13.1% in Q1/2022. It was due to the improved gross profit margin of household products. But lower gross profit compared to 14.1%

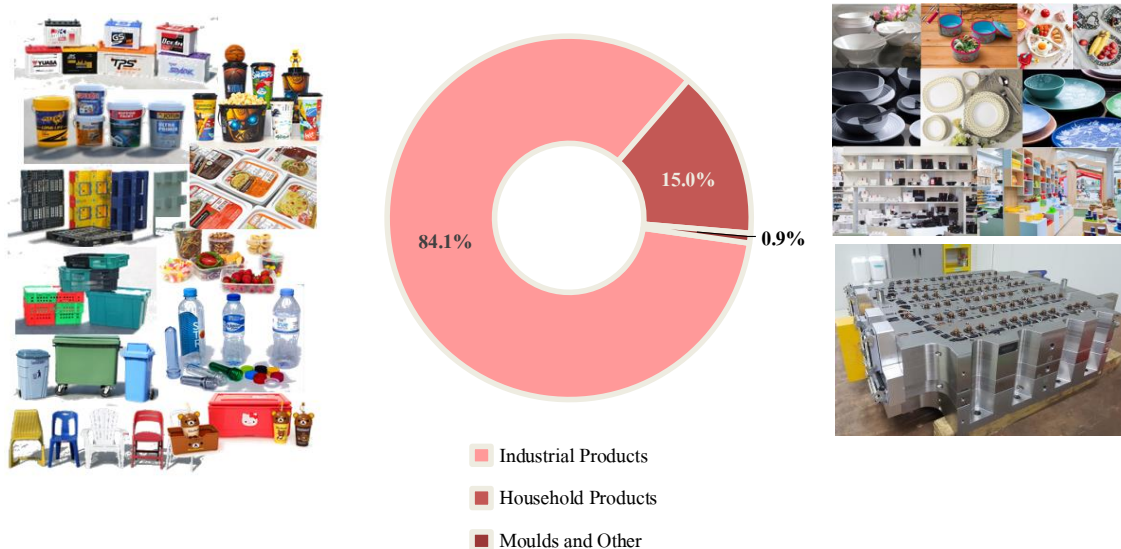
of the previous quarter due to an increase in sales portion of low margin industrial products, resulting in a decrease in overall gross profit.

Operating profit in Q1/2023 amounted to Baht 103 million, representing 4.7% of sales, increased from 3.8% and 4.2% in Q1/2022 and Q4/2022, respectively. The increase in operating profit was from the better expense management.

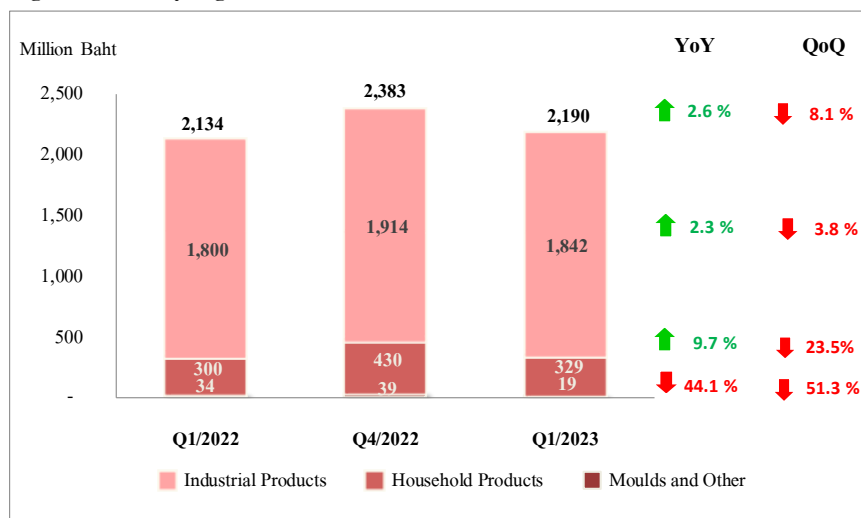
Earnings before interest, tax, depreciation and amortization (“EBITDA”) in Q1/2023 amounted to Baht 275 million, representing EBITDA margin 12.6%, increased from 12.3% and 10.7% in Q1/2022 and Q4/2022, respectively. Profit attributable to the equity holders of the Company amounted to Baht 82 million, an increase from Baht 70 million in Q1/2022 (+17.1% YoY) and an increase from Baht 57 million in Q4/2022 (+43.9% QoQ). Profit Per Share was Baht 0.030 in Q1/2023, an increase from a Profit Per Share of Baht 0.026 in Q1/2022, and Baht 0.021 in Q4/2022, respectively.

## 2. Operating Results by Segment

**Figure 1: Proportion of sales by segment in Q1/2023**



**Figure 2: Sales by Segment**



## 2.1 Household Products

**Table 2: Summary of Operating Results of Household Products**

(Unit: Million Baht)	Q1/2022	Q4/2022	Q1/2023	YoY		QoQ	
				+ / (-)	%	+ / (-)	%
<b>Sales</b>	<b>300</b>	<b>430</b>	<b>329</b>	<b>29</b>	<b>9.7%</b>	<b>(101)</b>	<b>(23.5%)</b>
Domestic operations	215	290	234	19	8.8%	(56)	(19.3%)
Overseas operations	85	140	95	10	11.8%	(45)	(32.1%)
Operating profit	24	66	51	27	112.5%	(15)	(22.7%)
Operating profit margin (%)	8.0%	15.3%	15.5%	7.5%	-	0.2%	-
<b>EBITDA*</b>	<b>40</b>	<b>81</b>	<b>67</b>	<b>27</b>	<b>67.5%</b>	<b>(14)</b>	<b>(17.3%)</b>
EBITDA Margin (%)	13.3%	18.8%	20.4%	7.0%	-	1.5%	-

Note:

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

### Operating results of Q1/2023 vs. Q1/2022 and Q4/2022

- Sales of Household Products amounted to Baht 329 million, increased by Baht 29 million (+9.7%) YoY mainly from both domestic and overseas operations. The increase in sales of domestic operations came from Srithai Super Outlet's Shock Price Super Sale events starting in Q1/2023 at Suksawat and Amata City Chonburi factories with decent customer response and increased export sales from consistent orders of major customers in Europe, Japan, as well as more new customers. In addition, the Thai Baht tended to weaken against the US dollar in Q1/2023 compared with Q1/2022 (as shown in Figure 3). Meanwhile, sales of overseas operations increased from subsidiaries in Vietnam and India, particularly from the long holiday in Vietnam's New Year (Tet), resulting in the increase in sales through modern trade channel. In addition, major distributors were introduced since the beginning of the year, which supported further sales via distributor channels. In India, the change of sales structure with additional sales representatives improved further sales. Compared with Q4/2022, sales decreased by Baht 101 million (-23.5%) from both domestic and overseas operations as there were grand sales events held at all 4 factories - Suksawat, Amata City Chonburi, Bangpoo, and Korat as well as promotional sales events during the end of the year and the New Year's celebration while there was no such grand sales event in Q1/2023.

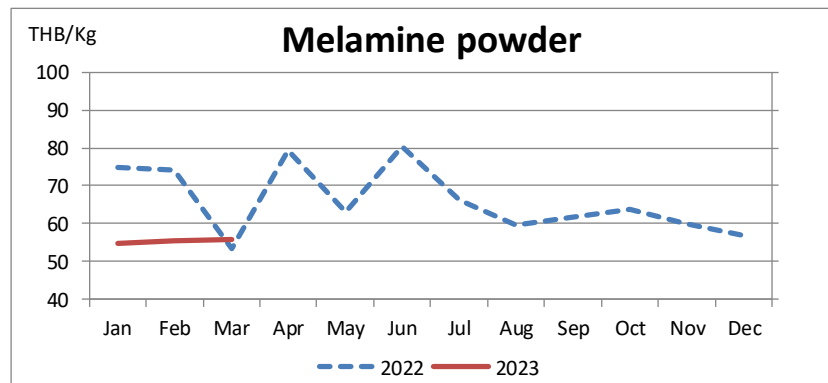
Figure 3: Exchange rate trend (Baht per US Dollar)



Source: REUTERS

- Operating profit margin and EBITDA margin jumped to 15.5% (+7.5%) and 20.4% (+7.0%) YoY respectively, as a result of lower cost of main raw materials compared to the same quarter last year (as shown in Figure 4) together with cost control and expense management. EBITDA margin also increased from 18.8% to 20.4% QoQ due to sales contribution from grand sales events at four factories held in Q4/2022 with lower gross margin products.

Figure 4: Price trend of main raw material since 2022



Source: The Company's research

## 2.2 Industrial Products

**Table 3: Summary of Operating Results of Industrial Products**

(Unit: Million Baht)	Q1/2022	Q4/2022	Q1/2023	YoY		QoQ	
				+ / (-)	%	+ / (-)	%
<b>Sales</b>	<b>1,800</b>	<b>1,914</b>	<b>1,842</b>	<b>42</b>	<b>2.3%</b>	<b>(72)</b>	<b>(3.8%)</b>
Domestic operations	1,121	1,147	1,063	(58)	(5.2%)	(84)	(7.3%)
Overseas operations	679	767	779	100	14.7%	12	1.6%
Operating profit	64	36	56	(8)	(12.5%)	20	55.6%
Operating profit margin (%)	3.6%	1.9%	3.0%	(0.5%)	-	1.2%	-
<b>EBITDA*</b>	<b>204</b>	<b>163</b>	<b>191</b>	<b>(13)</b>	<b>(6.4%)</b>	<b>28</b>	<b>17.2%</b>
EBITDA Margin (%)	11.3%	8.5%	10.4%	(1.0%)	-	1.9%	-

Note:

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

### Operating results of Q1/2023 vs. Q1/2022 and Q4/2022

● Sales of Industrial Products amounted to Baht 1,842 million, increased by Baht 42 million (+2.3%) YoY mainly from overseas operations of the following products:

- Sales of Beverage Packaging Products of a subsidiary in the north of Vietnam, have grown significantly in line with the economic recovery, government support, the delivery of new products, and more sales promotions with main customers.
- Sales of industrial plastic products of a subsidiary in Vietnam also increased from pail products due to the expansion of customer base.

While sales decreased by Baht 72 million (-3.8%) QoQ mainly from domestic operations especially industrial plastic products as follows:

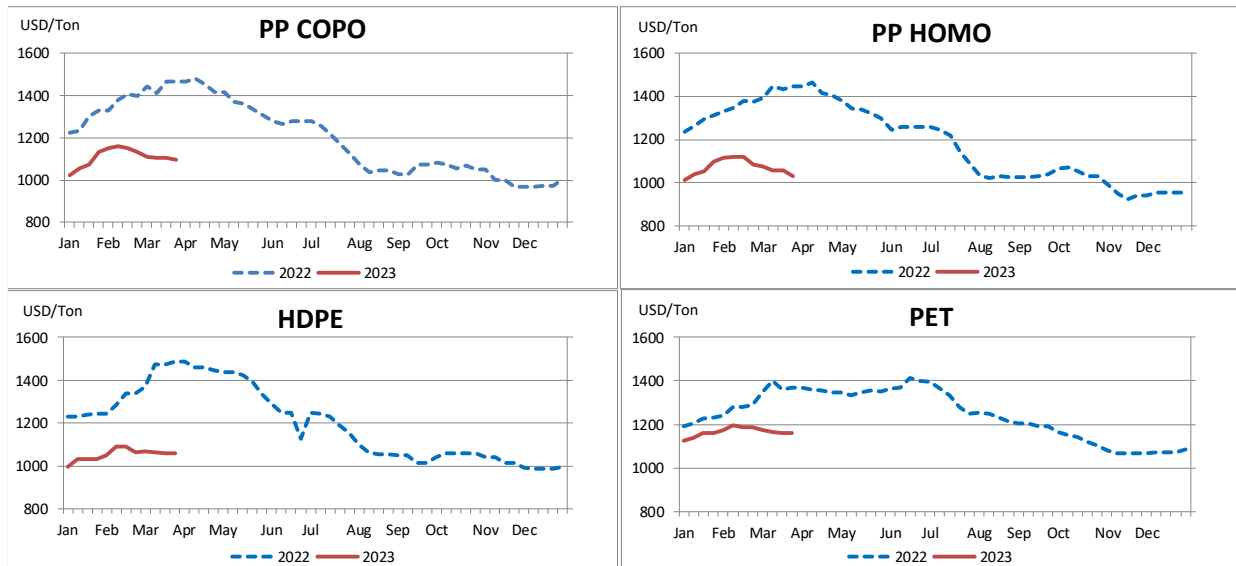
- Pallet products: More rivals in the market intensified price competition. In addition, large orders were delivered from certain customers in Q4/2022, resulting in the decline in sales.
- Container products: Many factors such as energy costs and interest impacted on the purchasing power of consumers and orders from retail customers.
- Battery case and automotive parts products: sales decreased from the impact from prolonged Russia-Ukraine war, higher energy prices, and the shutdown of a customer's business unit.

● EBITDA amounted to Baht 191 million, lowered by Baht 13 million (-6.4%) YoY. This was mainly due to the decrease in sales of domestic operation, intense price competition of industrial plastic products, and the adjustment of wages and energy costs enforced by the government since Q4/2022, resulted in lower profitability. While EBITDA increased by Baht

28 million (+17.2%) QoQ and EBITDA margin increased from 8.5% to 10.4% due to stocking of main raw materials at lower prices during Q4/2022 in order to produce in Q1/2023, resulted in the improved profitability.

Overall, main raw material prices in Q1/2023 decreased compared with the same quarter of previous year, while increased when compared with the last quarter. (shown in Figure 5).

**Figure 5: Price trend of main raw materials since 2022**



Source: ICIS

Each type of raw materials is used to produce the following products.

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

### 3. Financial Position

Unit: Million Baht

Cash and cash equivalents	617	1,050	556	1,074	Trade Payables
Trade receivables	1,686	1,029	1,730	933	Short-term loans
Inventories	1,226	926	1,240	861	Long-term loans
		754		747	Other liabilities
Property, plant and equipment	3,564		3,498		Shareholders' equity
Other assets	1,046		1,047		
	<b>31 December 2022</b>		<b>31 March 2023</b>		
	<b>8,139 Million Baht</b>		<b>8,071 Million Baht</b>		

Compared with the end of 2022, as at 31 March 2023, the Group had total assets of Baht 8,071 million, a decrease by Baht 68 million, which comprised the following key items:

- Cash and cash equivalents amounted to Baht 556 million, decreased by Baht 61 million.
- Trade receivables amounted to Baht 1,730 million, increased by Baht 44 million, especially from receivables of beverage packaging products in line with an increase in sales of subsidiaries in Vietnam.
- Inventories amounted to Baht 1,240 million, increased by Baht 14 million, from stocking more finished goods to support orders from customers in Household products in the next quarter.
- Property, Plant and Equipment amounted to Baht 3,498 million, decreased by Baht 66 million due mainly to depreciation netted with the fixed assets acquisition.

Total liabilities amounted to Baht 3,615 million, decreased by Baht 144 million which comprised the key items as follows:

- Trade payables amounted to Baht 1,074 million, increased by Baht 24 million from the increase in purchase orders of raw materials and used in production for sales within the quarter in line with the increase in sales of beverage packaging products in Vietnam together with extended credit term from suppliers.
- Total loans amounted to Baht 1,794 million, decreased by Baht 161 million, from the decrease in short-term loans by Baht 96 million and long-term loans by Baht 65 million. This was due principally to additional repayment of loans by domestic operations, offset by some additional borrowings of overseas subsidiaries. In addition, the Company has provided short-term loan to its subsidiary in Vietnam in Q1/2023 amounting to Baht 280 million in order to reduce its interest costs and increase its competitiveness. Nevertheless, these related party transactions have been eliminated in the consolidated financial statements.



Total shareholders' equity showed Baht 4,456 million, increased by Baht 76 million, deriving from the improvement in operating profit of the Group.

#### 4. Cash flow

For the first three-month period of year 2023 compared with the first three-month period of year 2022, the Group had a decrease in cash and cash equivalents by Baht 54 million, consisting of:

➤ Cash flow from operating activities

amounted to Baht 238 million, increased from prior year due mainly to the improved operating results and working capital management.

➤ Cash flow used in investment activities amounted to Baht 127 million, slightly changed from prior year. The Group has continued to invest and improve machinery and equipment.

➤ Cash flow used in financing activities amounted to Baht 165 million, higher than the prior year due to the higher repayments and necessary loan drawdowns in order to reduce debts and interest expenses.

**Table 4: Cash flow statement**

(Unit: Million Baht)	3 months 2022	3 months 2023	Change
Net cash flows from operating activities	171	238	67
Net cash flows used in investing activities	(128)	(127)	1
Net cash flows used in financing activities	(125)	(165)	(40)
Net increase (decrease) in cash and cash equivalents	(82)	(54)	28

#### 5. Key Financial Ratios

**Table 5: Key Financial Ratios**

Description	Unit	Q1/2022	Q4/2022	Q1/2023
<b>Liquidity Ratio</b>				
Current Ratio	Times	1.2	1.4	1.4
<b>Working Capital Ratios</b>				
Collection Period	Days	73.5	63.7	71.1
Inventory Turnover Period	Days	60.5	53.9	59.1
Payment Period	Days	56.9	46.2	51.2
Cash Cycle	Days	77.1	71.4	79.0
<b>Profitability Ratios</b>				
Return on Equity	%	1.7	1.4	1.9
Return on Operating Assets	%	1.9	1.6	2.3
<b>Financial Structure Ratios</b>				
Debt to Equity	Times	1.0	0.9	0.8
Net Interest Bearing Debt to Equity	Times	0.4	0.3	0.3

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

Please be informed accordingly.

Yours faithfully,

**Srithai Superware Public Company Limited**

Chaiwat Kulphattaravanich

Director and Company Secretary

Company Secretary Office



Tel. 02-427-0088 ext. 2204-5



Fax. 02-428-9675



E-mail: [company\\_secretary@srithaisuperware.com](mailto:company_secretary@srithaisuperware.com)