



Management Discussion and Analysis For the Operating Results of Q3/2023

Srithai Superware Public Company Limited

Subject Management Discussion and Analysis for Q3/2023

Dear President
The Stock Exchange of Thailand

Srithai Superware Public Company Limited (the “Company”) hereby presents a summary of the operating results for Q3/2023 as follows:

1. Summary of Operating Results of the Group

Table 1: Summary of Operating Results of the Group

(Unit: Million Baht)	Q2/2023	Q3/2023	Q3/2022	QoQ		YoY		Jan - Sep 2023	Jan - Sep 2022	YoY	
				+ / (-)	%	+ / (-)	%			+ / (-)	%
Sales	2,226	2,051	2,416	(175)	(7.9%)	(365)	(15.1%)	6,467	6,988	(521)	(7.5%)
Gross Profit	292	294	341	2	0.7%	(47)	(13.8%)	888	933	(45)	(4.8%)
Gross Profit (%)	13.1%	14.3%	14.1%	1.2%	-	0.2%	-	13.7%	13.4%	0.4%	-
Operating profit	84	87	130	3	3.6%	(43)	(33.1%)	274	314	(40)	(12.7%)
Operating profit margin (%)	3.8%	4.2%	5.4%	0.5%	-	(1.1%)	-	4.2%	4.5%	(0.3%)	-
Gain (loss) on exchange rate	6	2	12	(4)	(66.7%)	(10)	(83.3%)	5	19	(14)	(73.7%)
EBITDA*	274	272	325	(2)	(0.7%)	(53)	(16.3%)	821	877	(56)	(6.4%)
EBITDA Margin (%)	12.3%	13.3%	13.5%	1.0%	-	(0.2%)	-	12.7%	12.6%	0.1%	-
Net profit for the period	88	94	129	6	6.8%	(35)	(27.1%)	267	301	(34)	(11.3%)
Net profit on sales (%)	4.0%	4.6%	5.3%	0.6%	-	(0.8%)	-	4.1%	4.3%	(0.2%)	-
Profit attributable to equity holders of the Company	90	95	120	5	5.6%	(25)	(20.8%)	267	293	(26)	(8.9%)
Earning per share (Baht)	0.03	0.03	0.04	0.00	-	(0.01)	-	0.10	0.11	(0.01)	-

Note:

*EBITDA excluding share of profit from investments in associates

In Q3/2023, the Group generated revenue from sales of Baht 2,051 million, a decrease of Baht 365 million or 15.1% YoY. The decline was attributed to the industrial products and household products of overseas operations as the overall economic in foreign countries impacted purchasing power, leading to reduced consumer consumption. Additionally, selling prices decreased in line with the reduction in main raw material prices. However, gross profit margin was maintained, with gross profit increasing from 14.1% to 14.3% while EBITDA margin decreasing from 13.5% to 13.3%. Net profit attributable to equity holders of the Company decreased by 20.8% to Baht 95 million, with earning per share decreasing from 0.04 Baht to 0.03 Baht.

Compared with Q2/2023, the Group experienced a decrease in sales by Baht 175 million, or 7.9%. The decrease primarily came from beverage packaging products of Vietnam operations and household products of domestic operation. Gross profit margin increased to 14.3% from 13.1% as well as EBITDA margin, which increased to 13.3% from 12.3%. Net profit attributable to equity holders of the Company increased by 5.6%.

Over the 9-month period of the year 2023, the Group's sales amounted to Baht 6,467 million, a decrease of Baht 521 million or 7.5% when compared with the same period in the previous year. The decline in revenue came from both industrial and household products of domestic and overseas operations, which were affected by various factors, including economic conditions, uncertainty about Russia-Ukraine conflict as well as issues about interest rates, inflation rates, and energy costs which resulted in lower consumer purchasing power. EBITDA for the 9-month period amounted to Baht 821 million, a decrease by 6.4%. Nevertheless, EBITDA margin is close to the same period of previous year, at 12.7%. Net profit attributable to the equity holders of the Company was at Baht 267 million, decreased by Baht 26 million from Baht 293 million, or a decrease of 8.9%.

2. Operating Results by Segment

Figure 1: Proportion of sales by segment and operation in Q3/2023

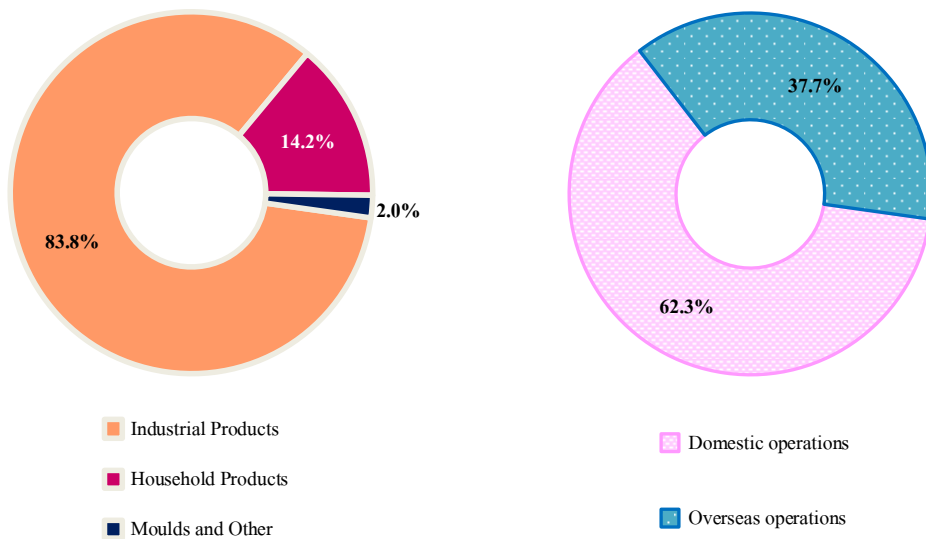
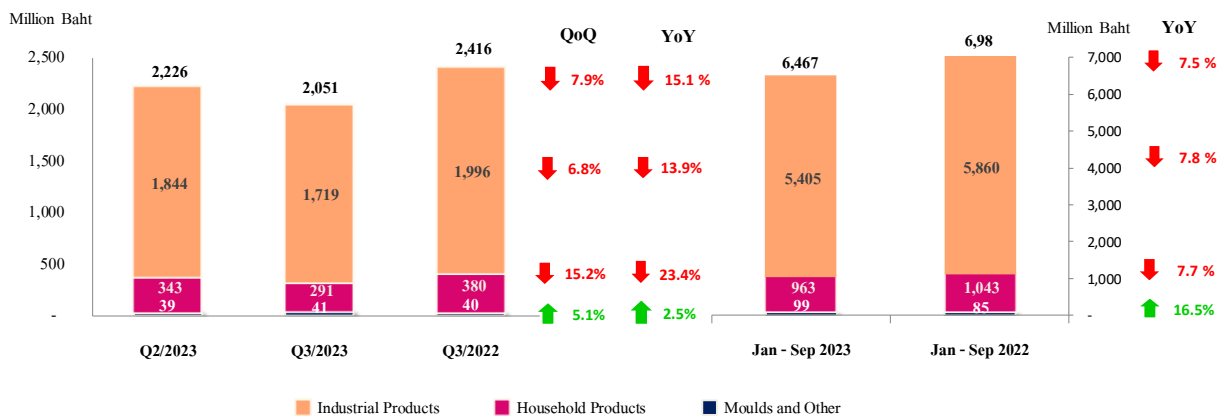


Figure 2: Sales by Segment



2.1 Household Products

Table 2: Summary of Operating Results of Household Products

(Unit: Million Baht)	Q2/2023	Q3/2023	Q3/2022	QoQ		YoY		Jan - Sep 2023	Jan - Sep 2022	YoY	
				+ / (-)	%	+ / (-)	%			+ / (-)	%
Sales	343	291	380	(52)	(15.2%)	(89)	(23.4%)	963	1,043	(80)	(7.7%)
Domestic operations	246	194	241	(52)	(21.1%)	(47)	(19.5%)	674	699	(25)	(3.6%)
Overseas operations	97	97	139	0	0.0%	(42)	(30.2%)	289	344	(55)	(16.0%)
Operating profit	54	44	51	(10)	(18.5%)	(7)	(13.7%)	149	116	33	28.4%
Operating profit margin (%)	15.7%	15.1%	13.4%	(0.6%)	-	1.7%	-	15.5%	11.1%	4.4%	-
EBITDA*	70	61	68	(9)	(12.9%)	(7)	(10.3%)	198	165	33	20.0%
EBITDA Margin (%)	20.4%	21.0%	17.9%	0.6%	-	3.1%	-	20.6%	15.8%	4.7%	-

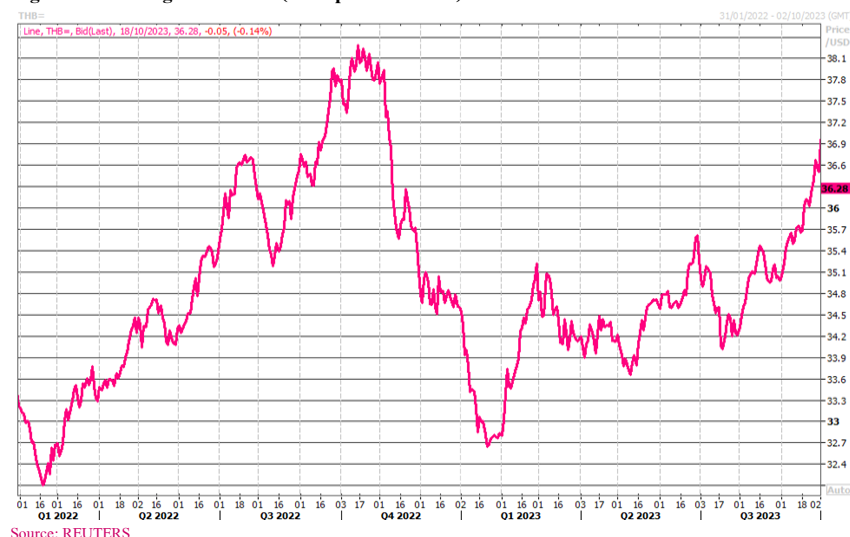
Note:

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

Operating results of Q3/2023 vs. Q3/2022

- The Household Products experienced a decrease in sales of Baht 89 million (-23.4%) YoY, stemming from both domestic and overseas operations. In the domestic operation, the decrease in sales was primarily due to a reduction in export sales as a result of reduced orders from key customers in Europe, the US, the Middle East and Japan. Additionally, the Thai Baht against US Dollar in the Q3/2023 depreciated, with less weaker than Q3/2022 (as shown in Figure 3). While domestic sales decreased via the modern trade channel as there were special orders in the previous year. For the overseas operations, sales decreased due to last year the subsidiary in Vietnam, had received a boost in orders for events from various private sector entities to stimulate the economy after the recovery from the Covid-19 situation. In addition, subsidiaries in India experienced a decline in sales due to political unrest in certain locations.

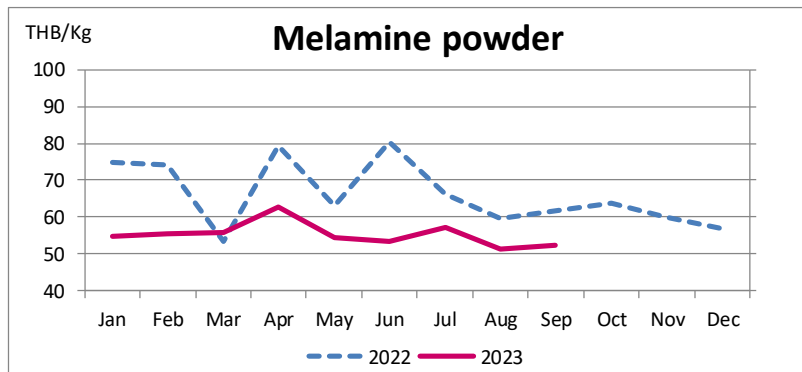
Figure 3: Exchange rate trend (Baht per US Dollar)



Source: REUTERS

- EBITDA decreased by Baht 7 million (-10.3%), but the EBITDA margin increased from 17.9% (+3.1%) to 21.0%. This was due to a decrease in the prices of main raw materials when compared with the same quarter of the previous year, as shown in Figure 4, coupled with effective cost control and expense management.

Figure 4: Price trend of main raw material since 2022



Source: The Company's research

Operating results of Q3/2023 vs. Q2/2023

- The Household Products generated sales of Baht 291 million, a decrease of Baht 52 million (-15.2%). This decline primarily came from domestic operations, including both domestic and export sales. Domestic sales of domestic operation decreased due to receiving OEM orders from new customer and the mid-year grand sales event held at Suksawat factory in the previous quarter. However, the absence of such event in Q3/2023. Additionally, export sales decreased due to a decline in orders from key customers in the European, American, Middle East, and Japanese markets. Even though the Thai Baht against the US Dollar depreciated, when compared to Q2/2023, as illustrated in Figure 3. This is also accompanied by product development for sales in the final quarter of the year.
- EBITDA amounted to Baht 61 million, a decrease of Baht 9 million (-12.9%). However, the EBITDA margin remained at 21.0%, increasing slightly from the previous quarter, due to reduced sales while raw material prices remained stable.

2.2 Industrial Products

Table 3: Summary of Operating Results of Industrial Products

(Unit: Million Baht)	Q2/2023	Q3/2023	Q3/2022	QoQ		YoY		Jan - Sep	Jan - Sep	YoY	
				+ / (-)	%	+ / (-)	%	2023	2022	+ / (-)	%
Sales	1,844	1,719	1,996	(125)	(6.8%)	(277)	(13.9%)	5,405	5,860	(455)	(7.8%)
Domestic operations	1,010	1,043	1,092	33	3.3%	(49)	(4.5%)	3,116	3,335	(219)	(6.6%)
Overseas operations	834	676	904	(158)	(18.9%)	(228)	(25.2%)	2,289	2,525	(236)	(9.3%)
Operating profit	34	48	82	14	41.2%	(34)	(41.5%)	138	215	(77)	(35.8%)
Operating profit margin (%)	1.8%	2.8%	4.1%	0.9%	-	(1.3%)	-	2.6%	3.7%	(1.1%)	-
EBITDA*	170	183	220	13	7.6%	(37)	(16.8%)	544	629	(85)	(13.5%)
EBITDA Margin (%)	9.2%	10.6%	11.0%	1.4%	-	(0.4%)	-	10.1%	10.7%	(0.7%)	-

Note:

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

Operating results of Q3/2023 vs. Q3/2022

- Sales of Industrial Products decreased by Baht 277 million (-13.9%), stemming from both domestic and overseas operations. The product groups with decreased revenue are as follows:

- Sales of Beverage Packaging Products of subsidiaries in Vietnam decreased due to certain products adjusting their prices in line with lower raw material costs compared with the previous year, and a decrease in orders from key customers. However, the domestic operation saw an increase in sales, driven by the expansion of the local drinking water customer base.
- Sales of Industrial Plastic Products of both the domestic operations and a subsidiary in Vietnam decreased. The domestic operations saw a reduction in sales, primarily due to declining demand for container products in the retail sector and the automotive industry. Sales of battery case products were affected by the closure of key customer's business unit. Additionally, automotive part products of domestic subsidiary also experienced a decrease in sales. Simultaneously, the overseas operation also experienced a decline in sales, particularly in pallets, as orders from retail customers decreased from the previous year. Sales of battery cases and pail products were affected by the slowdown in the automotive industry and the real estate business sector in Vietnam.
- EBITDA decreased by Baht 37 million (-16.8%), and EBITDA margin at 10.6% decreased from 11.0% (-0.4%). The decline was observed in both domestic and overseas operations, attributed to lower sales and heightened price competition in the Industrial Plastic Products. In addition, the higher labor and energy costs influenced by government announcements since Q4/2022, resulted in a decrease in profitability.

Operating results of Q3/2023 vs. Q2/2023

- The Industrial Products generated sales of Baht 1,719 million, a decrease of Baht 125 million (-6.8%). This was primarily driven by overseas operations, particularly in the beverage packaging product of subsidiaries in Vietnam, due to the high season in the second quarter for consumption of food and beverage in line with the increased tourist activities. Simultaneously, sales of industrial plastic products of subsidiary in Vietnam also declined, particularly for pails, due to the slowdown of the real estate business and interest rate hike in Vietnam.

Nevertheless, sales of domestic operation increased, driven by the industrial plastic products, particularly in the food packaging and garbage bin products. This growth was attributed to orders received from cinema customers with new movies being released, and an increase in orders for garbage bins from export customers.

- EBITDA amounted to Baht 183 million, with an EBITDA margin of 10.6%. EBITDA increased by Baht 13 million (+7.6%), driven by domestic operations, as a result of effective expense control both in the manufacturing and selling and administrative expenses.

Compared with the year end of 2022, as at 30 September 2023, the Group had

Total assets of Baht 7,957 million, decreased by Baht 182 million, which comprised the following key items:

- Cash and cash equivalents, and short-term investment of Baht 707 million, increased by Baht 90 million.
- Trade receivables amounted to Baht 1,587 million, a decrease of Baht 99 million, particularly from trade receivables related to the industrial plastic products of the Company and the beverage packaging products of subsidiaries in Vietnam, in line with the decreased sales.
- Inventories amounted to Baht 1,181 million, a decrease of Baht 45 million. The decrease resulted from the operations in Vietnam lowering the storage of raw materials and the delivery of molds by a domestic subsidiary.
- Property, Plant and Equipment amounted to Baht 3,377 million, a decrease of Baht 187 million, mainly due to depreciation netted with the fixed assets acquisition.

Total liabilities of Baht 3,430 million, decreased by Baht 329 million which comprised the key items as follows:

- Trade payables amounted to Baht 973 million, a decrease of Baht 77 million. The decrease was due to the decline in the volume of purchase orders and the storage of raw materials, as the Company and its subsidiaries in Vietnam have closely monitored raw material prices.
- Total loans amounted to Baht 1,599 million, a decrease by Baht 356 million, comprising a decrease of Baht 206 million in short-term loans and Baht 150 million in long-term loans, due mainly to additional repayments of loans along with some new borrowings. Furthermore, the Company has provided short-term loan to its subsidiary in Vietnam during the year 2023 amounting to Baht 480 million, for the purpose of alleviating the interest burden in Vietnam and enhancing its competitiveness. Repayment was made by Baht 280 million, leaving the outstanding balance of Baht 200 million. Nevertheless, these related party transactions have been eliminated in the consolidated financial statements.

Total shareholders' equity of Baht 4,527 million, increased by Baht 147 million, deriving from the improvement in operating profit of the Group netted with dividend payment during the year.

4. Cash flow

For the 9-month period of the year 2023 compared with the same period of year 2022, the Group had an increase in cash and cash equivalents of Baht 142 million, derived from the following:

Table 4: Cash flow statement

(Unit: Million Baht)	9 months	9 months	Change
	2023	2022	
Net cash flows from operating activities	895	594	301
Net cash flows used in investing activities	(260)	(306)	46
Net cash flows used in financing activities	(550)	(345)	(205)
Net increase (decrease) in cash and cash equivalents	85	(57)	142

- Cash flow from operating activities amounted to Baht 895 million, increased from the prior year due to the effective working capital management both in terms of trade receivables and inventories.

- Cash flow used in investment activities amounted to Baht 260 million, a decrease compared to the prior year.

The Group has continued to invest in the acquisition and improvement of machinery and equipment consistently.

- Cash flow used in financing activities amounted to Baht 550 million, higher than the prior year due to the higher repayments and necessary loan drawdowns in order to reduce debts and interest expenses. In addition, the annual dividend for the 2022 fiscal year and the interim dividend for the first half year 2023 were paid higher than the previous year.

5. Key Financial Ratios

Table 5: Key Financial Ratios

Description	Unit	Q2/2023	Q3/2023	Q3/2022
Liquidity Ratio				
Current Ratio	Times	1.44	1.50	1.31
Working Capital Ratios				
Collection Period	Days	68.5	69.6	66.6
Inventory Turnover Period	Days	54.4	60.5	60.2
Payment Period	Days	46.1	49.8	49.8
Cash Cycle	Days	76.8	80.3	77.0
Profitability Ratios				
Return on Equity	%	1.95	2.08	2.89
Return on Operating Assets	%	2.39	2.62	3.36
Financial Structure Ratios				
Debt to Equity	Times	0.80	0.76	0.90
Net Interest Bearing Debt to Equity	Times	0.26	0.21	0.34

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, focusing on ESG (Environmental, Social, and Governance) aspects. This includes a commitment to developing organization for continuous and sustainable growth, and responding to various rapid changes, as well as conducting transparent, ethical, and verifiable business operations. The Company values our partners, suppliers, customers, employees, shareholders, communities and

all stakeholders. In terms of the environment dimension, the Company has implemented various initiatives, such as solar rooftop energy utilization projects and measures to enhance energy efficiency in its manufacturing processes, with a primary focus on reducing electricity consumption. These efforts have led to energy and cost savings. The Company also promotes the concept of the Circular Economy by collaborating with business partners and allies, bringing back used plastic products into the production process to recycle them into new products. This approach helps reduce environmental impact and minimize greenhouse gas emissions from the production process, which directly contributes to temperature control and climate change mitigation. In terms of the social dimension, the Company values our employees as a key driving force for organizational growth, emphasizing fairness, skill development, and an efficient working environment to enhance quality of life, happiness, and safety workplace. Additionally, the Company operates with a strong sense of community and society responsibility, aiming to minimize risks associated with its business operations and prevent potential negative impacts on the external environment. In terms of the governance dimension, the Company promotes good corporate governance, transparency, verification as well as takes the interest of all stakeholders into consideration. As such, the Company has received 5-star award or scoring of “Excellent” in the corporate governance assessment (CGR) for eight consecutive years (2016-2023) from the Thai Institute of Directors (IOD).

This year, for the first time, the Company was recognized as a sustainable SET ESG Rating in the Industrial category for year 2023 with an A-level ranking. This proves that the Company has demonstrated excellence in its operational development and ESG disclosure, which is nationally acknowledged. This achievement reflects the Company’s commitment and dedication to sustainable growth, which ultimately provides long-term value to shareholders.



Please be informed accordingly.


Yours faithfully,


Srithai Superware Public Company Limited

Chaiwat Kulphattaravanich

Director and Company Secretary

Company Secretary Office

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