

AFTER YOU

EST. 2007
Bangkok



After You
Public Company Limited

Management Discussion & Analysis

Q2/2019

Executive Summary



Operating highlight in Q2/2019	Q2/18	Q2/19	Change +/-	1H/18	1H/19	Change +/-
(THB million)			YoY			1H
Operating Revenue	206	312	51%	405	599	48%
Gross Profit	138	201	46%	273	389	42%
EBITDA	49	95	94%	99	186	88%
Net Profit for the company	29	63	117%	60	123	105%
Gross profit margin (%)	67.0%	64.4%	(2.6%)	67.4%	64.9%	(2.5%)
EBITDA margin (%)	23.2%	30.2%	7.0%	24.1%	30.7%	6.6%
Net profit margin (%)	13.9%	20.0%	6.1%	14.6%	20.3%	5.7%
Number of branches as at June 30	30	38	27%	30	38	27%



Q2/2019 Key Financial Highlights

Revenue

- After You Public Company Limited (“the company”) reported consolidated operating revenue of THB 312 million in Q2/2019 and of THB 599 million in 1H/2019, which increased by 51% from Q2/2018 and 48% from 1H/2018, respectively.
- The increase was mainly from an increase in revenue from dessert café, which was attributed from expansion of 8 new stores from Q2/2018 and a rise in Same-Store-Sale-Growth (SSSG).

Gross Profit and Gross Profit Margin

- The company’s gross profit in Q2/2019 and 1H/2019 were THB 201 million and THB 389 million, respectively, which increased by 46% from Q2/2018 and 42% from 1H/2018, corresponding to the increase in sales.
- However, gross profit margin in Q2/2019 decreased by 2.6% from Q2/2018 and in 1H/2019 by 2.5% from 1H/2018.
- The decrease in gross profit margin was mainly from the higher take-home and OEM product sales, which usually have lower gross profit margin than products served in store.

EBITDA and EBITDA margin

- The company’s EBITDA in Q2/2019 and 1H/2019 were THB 95 million and THB 186 million, respectively, which increased by 94% from Q2/2018 and 88% from 1H/2018.
- EBITDA margin in Q2/2019 increased by 7% from Q2/2018, and in 1H/2019 increased by 6.6% from 1H/2018.
- The increase in EBITDA margin was mainly from the increase in revenue from dessert café and better control of selling and administrative expenses.

Net Profit and Net Profit Margin

- The company reported net profit in Q2/2019 and 1H/2019 of THB 63 million and THB 123 million, respectively, which increased by 117% from Q2/2018 and 105% from 1H/2018, respectively, corresponding to the increase in operating revenue and better expense control to generate higher profit per store.
- Net profit margin in Q2/2019 increased by 6.1% from Q2/2018, and in 1H/2019 increased by 5.7% from 1H/2018.
- The increase in net profit margin was mainly from the increase in operating revenue while corresponding expenses did not increase significantly.



1H/2019 Significant Events

After You Successfully Opened 6 Branches in 1H/2019 as Planned

As of 30 June 2019, there were altogether 38 operating branches in Thailand. According to the company’s plan to open 8-10 branches in 2019, 6 branches have already been launched in the first half of 2019, and later in the second half of the year, 2-4 additional branches in Thailand and 1 franchisee branch in Hong Kong are expected to be opened.



Latest opening branches in the first half of 2019:

1. Iconsiam, Bangkok
2. 101 The Third Place, Bangkok
3. Central Patong, Phuket
4. The Market, Bangkok
5. Sukhumvit 11, Bangkok
6. Central Hadyai, Song Khla

More Pop-Up Stores have been launched to increase accessibility to customers

As the trend of grab-and-go is becoming more popular among Bangkokians. After You has been attempting to capture this changing customer pattern to gain an additional revenue by continuously setting pop-up stores at several locations. Most recently, the company has set up pop-up stores at several MRT stations and received delightful feedback from customers. The MRT stations that the company have set up stores include the following:

- Chatuchak Park station
- Petchaburi station
- Sam Yan station
- Sukhumvit station

After You ranked the world’s best-performing restaurant stock in 2019

Bloomberg announced that After You is the world’s best-performing restaurant stock in 2019, as it has the highest price growth of 186% this year, which rose more than half the pace of the next-best performing restaurants like Haidilao, Chipotle and Starbucks.

After You Expands Factory and Operational Infrastructure to support further expansion

Over the previous quarters, After You have been investing up to THB 125 million in a plant expansion, including a THB 90 million investment in a 4,000 sqm, 2-story building and a THB 35 million investment in factory operating systems. The expansion will allow After You to achieve better operational efficiency, lower costs, better quality control and more production capacity for exports. The expansion has started operation since August 2019, and the impacts on financial statements from the recognition of depreciation expenses of the mentioned assets has started to be recognized accordingly.

After You has consistently launched To-Go products.



Through consistent R&D effort, After You has been continuously innovating variety of to-go products such as Boba Tea Souffle Cheesecake and Eclair.

The highlight of the product launch was the ‘Pancake Mix’, the first self-made After You product where customers can purchase well-selected ingredient and create their own pancake at home.



2019 Outlook



After You is On-Track with International Expansion to Hong Kong

After You will operate in Hong Kong as the first international store. This store will operate as a franchise with a local partner. Presently, the company has already signed a final contract with the local partner, and the store is expected to be operated before Christmas in Q4/2019.

In addition, the selected strategic partner will help After You expand franchise stores throughout Hong Kong within the agreement term and will potentially help the company expand to other businesses within the partner’s territory.

Operating Results



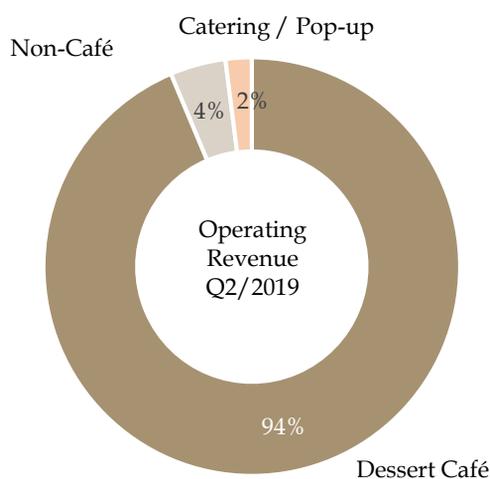
Overall operating results of the company in Q2/2019	Q2/18	Q2/19	Change +/-)	1H/18	1H/19	Change +/-)
(THB million)			YoY			1H
Operating Revenue	206	312	51%	405	599	48%
Cost of sales	(68)	(111)	63%	(132)	(210)	59%
Gross Profit	138	201	46%	273	389	42%
Other Income	3	3	0%	5	5	0%
Selling and distribution expenses	(68)	(85)	25%	(134)	(160)	19%
Administrative expenses	(39)	(41)	5%	(72)	(82)	14%
Profit before income tax expenses	34	78	129%	72	152	111%
Tax expenses	(5)	(15)	200%	(12)	(29)	142%
Net Profit for the company	29	63	117%	60	123	105%



Analysis of Statement of Income

1. Revenue:

After You Public Company Limited operates dessert and bakery business. The company divides its business into 3 categories as follows:



- 1

Dessert Café

- In-store dessert and beverage sales across 38 outlets under "After You" and "Maygori" brand
 - Take-home product sales including customer purchases at branch and orders through food delivery services
 - Portion of In-store sales : Take home product sales approx. 71%:29%

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Non-Café

- Finished or intermediate products, which can be categorized as follows:
 - Online sales
 - Head office pick up
 - OEM/Food Manufacturing under the company's trademark or per customers' demand

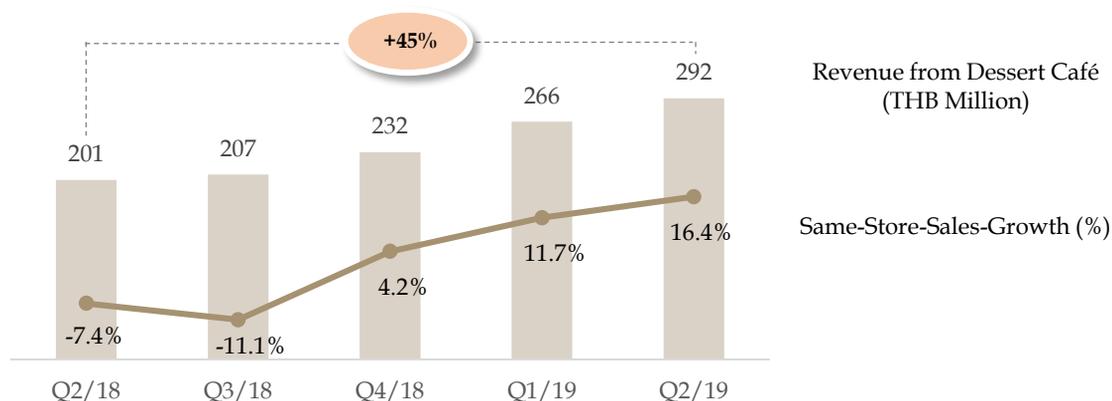
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Catering / Pop-up

- Catering services such as parties, wedding receptions, restaurants or any occasions
 - Pop-up store sales in various locations

Revenue	Q2/18	Q2/19	Change +/-	1H/18	1H/19	Change +/-
(THB million)			YoY			1H
Revenue from Dessert Café	201	292	45%	397	558	41%
Revenue from Non-Café	1	14	1,300%	1	30	2,900%
Revenue from Catering / Pop-Up	4	6	50%	7	11	57%
Total Operating Revenue	206	312	51%	405	599	48%
Other Income	3	3	0%	5	5	0%
Total Revenue	209	315	51%	410	604	48%

Key Drivers	Q2/18	Q2/19	Change +/-	1H/18	1H/19	Change +/-
Number of branches as at June 30	30	38	27%	30	38	27%
Same-Store-Sales-Growth (SSSG)	(7.4%)	16.4%	23.8%	(6.2%)	13.7%	19.9%



YoY Q2/2019 vs Q2/2018

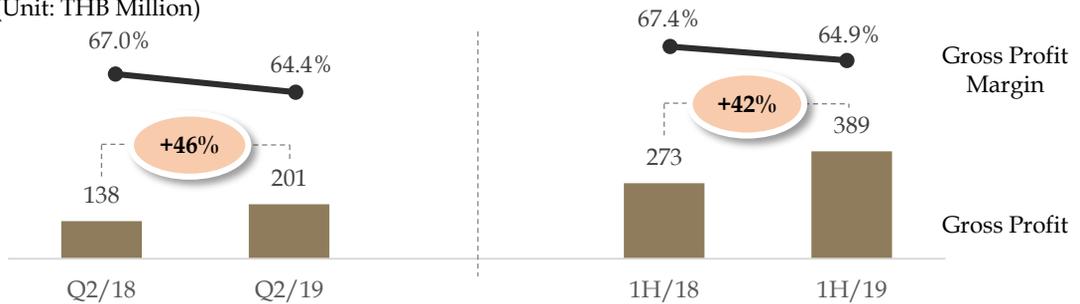
- **Revenue from Dessert Café** in Q2/2019 was THB 292 million which increased by THB 91 million or 45% from Q2/2018 due to 8 more branches compared to Q2/2018, together with better Same Store Sale Growth mainly from an increase in revenue from take-home products, new menus and seasonal menus.
- **Revenue from Non-café** in Q2/2019 was THB 14 million which increased by THB 13 million or 1,300% from Q2/2018 due to the higher volume of major OEM customers' orders.
- **Revenue from Catering and Pop-Up** in Q2/2019 was THB 6 million which increased slightly by THB 2 million or 50% from Q2/2018 due to additional catering teams which results in generating more revenue from pop-up stores.

1H 1H/2019 vs 1H/2018

- For the first half (1H) of 2019, **total operating revenue** was THB 599 million which increased by THB 194 million or 48% from 1H/2018, as the total operating revenue from both Q1 and Q2/2019 rose from the same period last year. The increase was mainly due to:
 - **Revenue from Dessert Café** in 1H/2019 increased by THB 161 million or 41% from 1H/2018 as more branches are opened, together with significant improvement in SSSG.
 - **Revenue from Non-Café** in 1H/2019 increased by THB 29 million or 2,900% from 1H/2018 from the higher OEM order volumes, which started from late 2018.

2. Gross Profit and Gross Profit Margin:

(Unit: THB Million)



Gross profit = Total Operating Revenue - Cost of Sales

Cost of sales mainly consists of cost of raw materials, packages, supplies, salary of production unit's staff, depreciations, kitchen utensils and space usage expense of production unit. Major part of cost of sales is raw materials.

YoY Q2/2019 vs Q2/2018

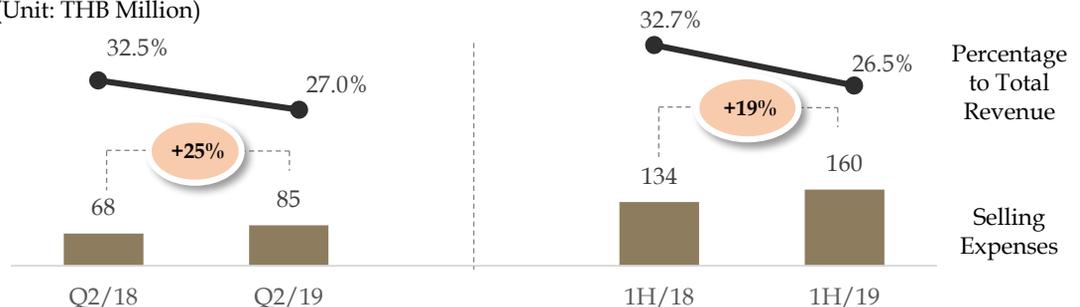
- Gross profit in Q2/2019 was THB 201 million which increased by THB 63 million or 46% from Q2/2018 in line with higher sales in Q2/2019 compared to Q2/2018.
- Gross profit margin in Q2/2019 was 64.4% which decreased by 2.6% from Q2/2018, due to an increase in sales of take-home and OEM products, which usually have lower gross profit margin.

1H 1H/2019 vs 1H/2018

- For the first half (1H) of 2019, **gross profit** was THB 389 million which increased by THB 116 million or 42% from 1H/2018. The increase reflects the accumulated impacts of the increase in gross profit of Q1 and Q2/2019 compared to the same period of last year. The increase was mainly attributable to 4 branches and 2 branches have been opened in Q1 and Q2/2019, respectively, together with continuous launch of take-home products, new menus and seasonal menus during 2019.
- Gross profit margin (GPM)** in 1H/2019 was 64.9% which decreased by 2.5% from 1H/2018. The decrease was mainly attributable to the higher portion of OEM and take-home sales which yields lower GPM.

3. Selling Expenses:

(Unit: THB Million)



Selling expenses mainly consist of salaries of dessert café's staff, space and equipment rental expenses, utility expenses, and other selling expenses such as marketing and promotional expenses, and depreciation of asset in each branch.

YoY Q2/2019 vs Q2/2018

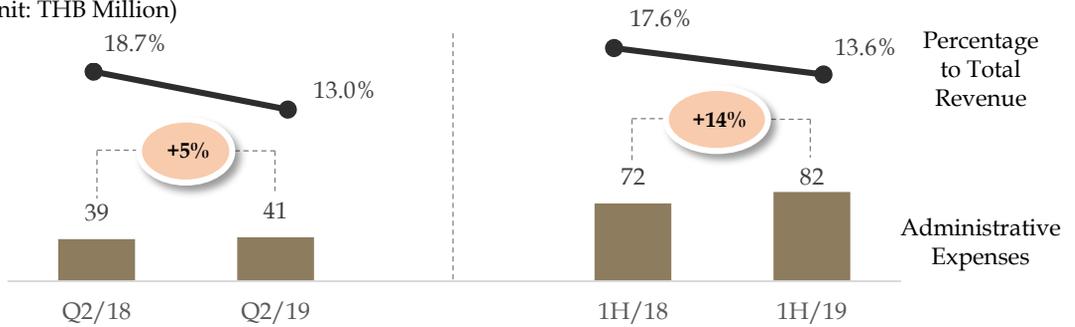
- Selling expenses in Q2/2019 was THB 85 million which increased by THB 17 million or 25% from Q2/2018 in line with the new branch opening in Q2/2019.
- Selling expenses to total revenue in Q2/2019 was 27.0% which improved by 5.5% from Q2/2018. The increase was due to higher Same-Store-Sale-Growth (SSSG) from take-home product sales, while limited additional selling expenses are needed. Moreover, manpower expenses per branch reduced from operational improvement.

1H 1H/2019 vs 1H/2018

- For the first half (1H) of 2019, **selling expenses** was THB 160 million, increased by THB 26 million or 19% from 1H/2018, due to the increase in selling expenses regarding new 4 branches opened in Q1/2019 and 2 new branches opened in Q2/2019
- Selling expense to total revenue** in H1/2019 was 26.5% which improved by 6.2% from 1H/2018. The decrease was mainly from significant increase in sales from dessert café both in Q1 and Q2/2019, while the selling expenses per store did not increase significantly as a result of manpower expense control at each branch and process efficiency.

4. Administrative Expenses:

(Unit: THB Million)



Administrative expenses mainly consist of salaries of back office staff, utility expenses, and depreciation of property, plant, and equipment in the back office.

YoY Q2/2019 vs Q2/2018

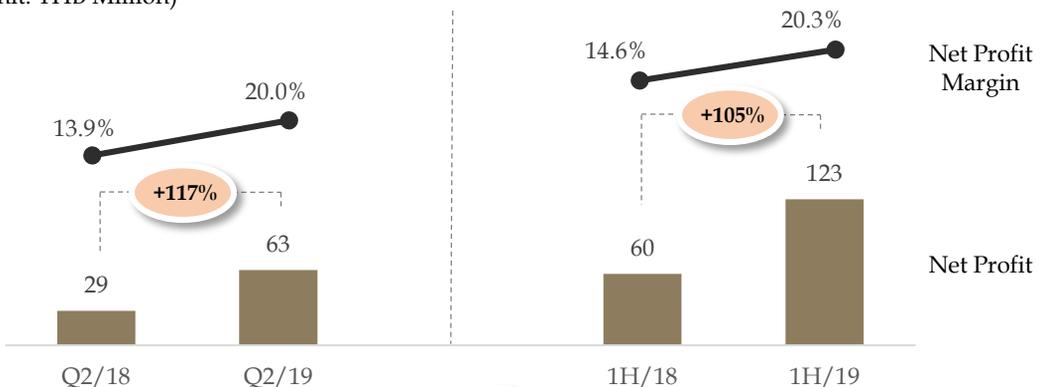
- **Administrative expenses** in Q2/2019 was THB 41 million, increased slightly by THB 2 million or 5% from Q2/2018 mainly due to an increase in salary expenses in the back office.
- **Admin expenses to total revenue** in Q2/2019 was 13.0% which improved by 5.7% from Q2/2018 due to higher revenue growth while administrative expenses increased insignificantly from better expense control in the back office.

1H 1H/2019 vs 1H/2018

- For the first half (1H) of 2019, **administrative expenses** was THB 82 million which increased by THB 10 million or 14% from 1H/2018. The increase reflects the accumulated impacts of the higher administrative expenses in both Q1 and Q2/2019 than in the same period last year, due to the higher back office salary expenses from business expansion.
- **Admin expenses to total revenue** in 1H/2019 was 13.6% which improved by 4% from 1H/2018 due to better control on the back-office expenses while sales increased significantly in 1H/2019.

5. Net Profit and Net Profit Margin:

(Unit: THB Million)



YoY Q2/2019 vs Q2/2018

- **Net profit** in Q2/2019 was THB 63 million which increased by THB 34 million or 117% from Q2/2018 due to the increase in operating revenue, which results from the increase in sales from dessert café, non-café, and catering and pop-up stores.
- **Net profit margin** in Q2/2019 was 20.0% which increased by 6.1% from Q2/2018 due to the increase in revenue from dessert café, better expense management and production efficiency in Q2/2019 than in Q2/2018.

1H 1H/2019 vs 1H/2018

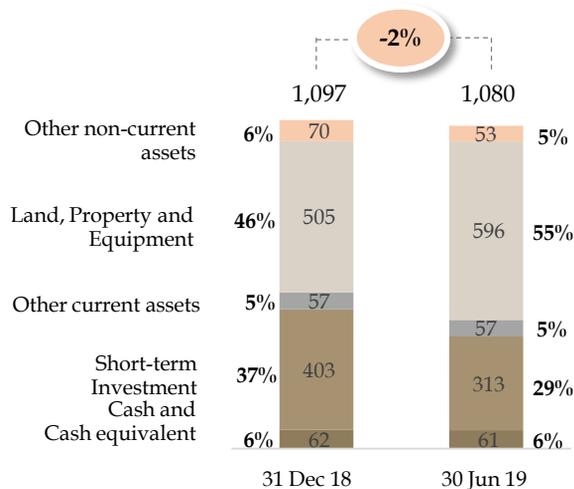
- For the first half (1H) of 2019, **net profit** was THB 123 million which increased by THB 63 million or 105% from 1H/2018, due to better operation and economies of scale of operating 38 branches. (net profit contributed from Q1/2019 by THB 60 million which is equal to 1H/2018 with additional net profit from Q2/2019 by THB 63 million)
- **Net profit margin** in 1H/2019 was 20.3% which increased by 5.7% from 1H/2018 as the operating revenue increased, while the SG&A expenses did not increase significantly as the company had better expense control.



Analysis of Statement of Financial Position

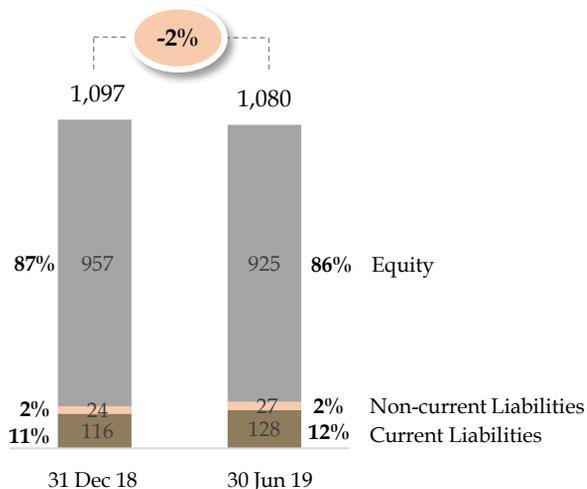
Total Assets

(THB million)



Total Liabilities and Equities

(THB million)



Total Assets

As of 30 June 2019, the total assets of the company were THB 1,080 million, decreased by THB 17 million or 2% from 31 December 2018. Changes are highlighted as follows:

- **Short-term investment** decreased by THB 90 million or 22% as a result of dividend payment in Q2/2019.
- **Land, property, plant and equipment** increased by THB 91 million or 18% because of the plant expansion and the increase in new branches.

Total Liabilities

As of 30 June 2019, the total liabilities of the company were THB 155 million, increased by THB 15 million or 11% from 31 December 2018. The increase was due to the THB 10 million increase in **tax payable** as a result of the higher net profit.

Total Equity

As of 30 June 2019, the total equity of the company was THB 925 million, decreased by THB 32 million or 3% from 31 December 2018. The decrease was due to the **dividend payment** for the year ended 2018, which was paid in Q2/2019 with the amount of THB 155 million.