

# *SystemDay*

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# **Business Credit Report –THAILAND**

## **THE COFFEE CLUB (THAILAND) LIMITED**

Report Date	2020-10-26
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## ORDER INFORMATION

	As Ordered	Match
Name	The Coffee Club (Thailand) Limited	Correct

## COMPANY DETAILS

Company Name	The Coffee Club (Thailand) Limited
Address	The PARQ, 11th Floor, 88 Ratchadaphisek Road, Khlong Toei, Khlong Toei, Bangkok 10110, Thailand
Telephone	(662) 3656999
Facsimile	N/A
Email	mkt.thecoffeecubthailand@gmail.com
Website	<a href="http://www.thecoffeecub.co.th">http://www.thecoffeecub.co.th</a>
Main Activity	Coffee Shop Operator
Employees	500
Financial Condition	Risky
Business Size	Large Enterprise

## REGISTRATION INFORMATION

Name in Register	The Coffee Club (Thailand) Limited
Registered Address	The PARQ, 11th Floor, 88 Ratchadaphisek Road, Khlong Toei, Khlong Toei, Bangkok 10110, Thailand
Established Date	2008-08-08
Registration No.	0105551088013
Tax ID.	0105551088013
Legal Form	Private Limited Company
Status	Active
Regist'd Capital	THB 522,000,000
Paid-Up Capital	THB 522,000,000
Additional Information	July 2020, The Coffee Club Thailand under Minor Food Group has revised its business strategy, expanding its customer base

	<p>to local consumers. The company has felt a huge impact from the coronavirus pandemic because foreign tourists had been the target customers. Even after the relaxation of lockdown measures, the company has reopened just 23 branches, including 18 in Bangkok, two in Pattaya, two in Phuket and one in Hua Hin. The remaining 36 branches remain closed, with some 15 branches scheduled to reopen over the next five months. The company closed two Coffee Club branches at Siam Paragon and Sukhumvit 49 and aims to close other branches that cannibalise one another and are located in tourist destinations. The Coffee Club debuted in Thailand 10 years ago, opening its first branch at Royal Garden Pattaya. It has a total of 59 stores in Thailand, 26 of which are in Bangkok and the remaining 33 in upcountry areas. In compliance with the new strategy, the company has adjusted its menu items and prices to become more affordable. Food prices have been lowered to 140-300 baht per dish from 400-500 baht before the outbreak. Coffee prices have been cut to 100-110 baht a cup from 130-140 baht. Menu items have been narrowed to six types -- breakfast, healthy food, Thai dishes, pasta, burgers and sharing plates -- from 10. A set menu costing 199 baht has been launched to recruit new customers and provide customers with all-day dining. In addition, the company is building brand awareness via digital marketing. The Coffee Club food truck will be parked at Siam Premium Outlets, selling drinks and burgers. The company will also open new Coffee Club branches in high-street areas and expand branch locations beyond the central business district. The number of Coffee Club branches is expected to reach 80 by 2024. Another plan is to expand the delivery service starting in October. At present, the delivery channel contributes 18% of sales, up from 5% before the coronavirus crisis. The Coffee Club's sales in 2020 are expected to shrink by 30% because of the pandemic.</p>	
Capital History		
Status	Amount	Date
Initial Capital	THB 2,000,000	August 2008
Increased to	THB 122,000,000	October 2013

Increased to	THB 522,000,000	October 2019
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## CREDIT RATING & RISK ANALYSIS

Credit Rating	C: moderate risk
Recommended Credit Limit	Limited with security
Rating Description	A: very low risk B: low risk C: moderate risk D: high risk N: not rated

## SHARE & SHAREHOLDER INFORMATION

Regist'd Capital	THB 522,000,000
Paid-Up Capital	THB 522,000,000
Current Paid-up Capital	THB 522,000,000 (fully paid)
Current Shares	5,220,000 Shares
Current Par Value	THB 100.00

### Shareholders

Name	Nationality	Location	Shareholding	Percentage
The Minor Food Group Public Company Limited	Thai	Thailand	5,219,998	100.000%
Mr. William Ellwood Heinecke	Thai	Thailand	1	0.000%
Mr. John Scott Heinecke	Thai	Thailand	1	0.000%
Total			5,220,000	100.000%

## MANAGEMENT

Name	Mr. Supasith Xanasongkram
Function	Director

Name	Mr. Suvat Kulphaichit
Function	Director
Authorized Signatures	Both of the above directors can jointly sign on behalf of the subject with seal affixed.
Name	Mr. Suvat Kulphaichit (Thai)
Function	General Manager – The Coffee Club
Name	Ms. Nayada Wanvichai
Function	Marketing Director
Name	Mrs. Anothai Leekitwattana
Function	Auditor
Reg. No.	3442
Name	PricewaterhouseCoopers ABAS Limited
Function	Auditor

## AFFILIATES

Affiliates	
Name	Business
Burger (Thailand) Limited Reg. No./Tax No.: 0105543005414	Fast Food Restaurant Operator
Catering Associated Limited Reg. No./Tax No.: 0105531049161	Catering Service
Minor Cheese Limited Reg. No./Tax No.: 0105534059477	Cheese Producer
Minor Dairy Limited Reg. No./Tax No.: 0105534059931	Producer of Ice Cream
Minor DQ Limited Reg. No./Tax No.: 0105525046201	Operator of Dairy Queen Outlet
Select Service Partner Limited Reg. No./Tax No.: 0105536032410	Restuarants Operator
SLRT Limited	Restaurant Operator

Reg. No./Tax No.: 0105542082482	
Swensen's (Thai) Limited	Ice Cream Producer
Reg. No./Tax No.: 0105525002255	

## MAIN ACTIVITY

Industry Code	ISIC Code: 5610 - Restaurants and mobile food service activities
Main Business	The subject engages in coffee and restaurant chain business under the brand "The Coffee Club", consisting of 58 outlets around the country.
Purchasing/Import	Raw materials are both purchased from local suppliers and imported from Australia and New Zealand.
Supplier(s)	Minor Cheese Limited
Sales/Export	100% of the products are sold to local end-users.
Purchasing Term	Local : Cash, 30 days Import : N/A
Sales Term	Local : Cash, Credit Card Export : -

## BANK CONNECTION

Bank Name	Kasikornbank Public Company Limited
Branch	Kluai Nam Thai Branch
Bank Name	The Siam Commercial Bank Public Company Limited
Branch	Ekkamai Branch

## FINANCIALS

Financial Summary (THB Thousand)

Year	Assets	Liability	Equity	Sales	Net Profit	D/E (Times)	Defensive Interval (Days)
2019	720,707	429,023	291,684	976,914	-164,260	1.47	19
2018	666,684	610,740	55,944	813,730	15,790	10.92	24
2017	498,698	458,544	40,154	638,027	-12,741	11.42	30
2016	328,690	275,795	52,895	469,872	-18,961	5.21	18

### Statement of Financial Position

<b>ASSETS</b>	<b>2019-12-31</b>	<b>2018-12-31</b>	<b>2017-12-31</b>
Cash & Cash Equivalents	10,477,880	10,945,733	6,849,536
Trade & Other Receivables	48,668,024	36,589,578	40,329,148
Inventories	42,511,212	41,037,946	35,960,552
Other Current Assets	3,959,943	7,948,092	6,390,723
<b>Total Current Assets</b>	<b>105,617,059</b>	<b>96,521,349</b>	<b>89,529,959</b>
Property, Plant and Equipment	464,449,587	437,728,261	300,367,122
Intangible Assets	26,595,320	25,584,370	19,820,598
Deferred Tax Assets	32,979,085	17,658,962	16,716,099
Other Assets	91,066,162	89,190,582	72,264,416
<b>Total Assets</b>	<b>720,707,213</b>	<b>666,683,524</b>	<b>498,698,194</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>2019-12-31</b>	<b>2018-12-31</b>	<b>2017-12-31</b>
Trade & Other Payables	142,828,169	170,445,953	131,510,461
Short-term Loans Payable	243,386,334	405,339,631	301,888,037
Other Current Liabilities	16,517,042	14,538,926	12,951,943
<b>Total Current Liabilities</b>	<b>402,731,545</b>	<b>590,324,510</b>	<b>446,350,441</b>
Employee Benefits Obligation	1,094,835	816,748	698,636
Other Liabilities	25,196,972	19,598,302	11,494,977
<b>Total Liabilities</b>	<b>429,023,352</b>	<b>610,739,560</b>	<b>458,544,054</b>
Shareholders' Equity			
Share Capital	522,000,000	122,000,000	122,000,000
Capital Paid	522,000,000	122,000,000	122,000,000
Retained Earning (Deficit) - Unappropriated	(230,316,139)	(66,056,036)	(81,845,860)
<b>Total Shareholders' Equity</b>	<b>291,683,861</b>	<b>55,943,964</b>	<b>40,154,140</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>720,707,213</b>	<b>666,683,524</b>	<b>498,698,194</b>



## Income Statement

	2019-12-31	2018-12-31	2017-12-31
Revenues			
Sales or Services	976,914,165	813,730,198	638,026,583
Other Incomes	78,001,392	63,311,415	8,903,249
<b>Total Revenues</b>	<b>1,054,915,557</b>	<b>877,041,613</b>	<b>646,929,832</b>
Expenses			
Cost of Sales or Services	255,161,316	210,513,348	171,489,220
Selling Expenses	758,421,446	562,417,745	430,334,645
Administration Expenses	202,686,556	75,220,561	57,596,905
<b>Total Expenses</b>	<b>1,216,269,318</b>	<b>848,151,654</b>	<b>659,420,770</b>
<b>Earning (Deficit) before Interest &amp; Income Tax (EBIT)</b>	<b>(161,353,761)</b>	<b>28,889,959</b>	<b>(12,490,938)</b>
Financial Costs	18,226,465	14,042,998	9,397,030
<b>Profit (Loss) before Income Tax &amp; Ex. Items</b>	<b>(179,580,226)</b>	<b>14,846,961</b>	<b>(21,887,968)</b>
Income Tax	(15,320,123)	(942,863)	(9,146,886)
<b>Net Profit (Loss)</b>	<b>(164,260,103)</b>	<b>15,789,824</b>	<b>(12,741,082)</b>
<b>Total Comprehensive Income for the year</b>	<b>(164,260,103)</b>	<b>15,789,824</b>	<b>(12,741,082)</b>
<b>Retained Earning (Deficit), Beginning of year</b>	<b>(66,056,036)</b>	<b>(81,845,860)</b>	<b>(69,104,778)</b>
<b>Retained Earning (Deficit), End of year</b>	<b>(230,316,139)</b>	<b>(66,056,036)</b>	<b>(81,845,860)</b>

**Key Financial Ratio**

<b>ITEM</b>	<b>UNIT</b>	<b>2019-12-31</b>	<b>2018-12-31</b>	<b>2017-12-31</b>
<b>LIQUIDITY RATIOS</b>				
Current Ratio	(Times)	0.26	0.16	0.20
Quick Ratio	(Times)	0.16	0.09	0.12
Defensive Interval	(Days)	19	24	30
<b>ACTIVITY RATIOS</b>				
Receivable Turnover	(Times)	20.07	22.24	15.82
Collection Period	(Days)	18	16	23
Account Payable Turnover	(Times)	1.80	1.27	1.36
Payment Period	(Days)	203	287	268
Inventory Turnover	(Times)	6.00	5.13	4.77
Inventory Turnover Period	(Days)	61	71	77
Total Asset Turnover	(Times)	1.36	1.22	1.28
<b>PROFITABILITY RATIOS</b>				
Cost of Goods Sold	(%)	26.12	25.87	26.88
Selling & Administration	(%)	98.38	78.36	76.48
Interest	(%)	1.87	1.73	1.47
Gross Profit Margin	(%)	73.88	74.13	73.12
Profit before Tax and Extra Item	(%)	(18.38)	1.83	(3.43)
Margin				
Net Profit Margin	(%)	(16.81)	1.94	(2.00)
Return on Equity	(%)	(56.31)	28.22	(31.73)
Return on Assets	(%)	(22.79)	2.37	(2.56)
Earning per Share	(THB)	(31.47)	12.94	(10.44)
<b>LEVERAGE RATIOS</b>				
Debt to Asset [or Debt Ratio]	(%)	59.53	91.61	91.95
Debt to Equity	(Times)	1.47	10.92	11.42
Time Interest Earned	(Times)	(8.85)	2.06	(1.33)
<b>GROWTH RATE</b>				
Sales	(%)	20.05	27.54	35.79
Cost of Sales	(%)	21.21	22.76	34.39

ITEM	UNIT	2019-12-31	2018-12-31	2017-12-31
Selling & Administrative Expenses	(%)	50.73	30.68	34.62
Net Profit [Loss]	(%)	(1,140.29)	223.93	32.80
Total Asset	(%)	8.10	33.69	51.72

## OFFICE

Address	The PARQ, 11th Floor, 88 Ratchadaphisek Road, Khlong Toei, Khlong Toei, Bangkok 10110, Thailand
Details	Rent in an office building in a commercial area at the heading address.

## NEGATIVE INFORMATION

N/A

## GENERAL COMMENTS

Being a subsidiary of The Minor Food Group Plc, the country's leading food & restaurant business conglomerate, subject has engaged as a coffee and restaurant chain operator under the brand "The Coffee Club", consisting of 58 outlets around the country. In the face of the Covid-19 pandemic, subject's operation has been directly impacted by travel restrictions and lockdown of countries in the second quarter of 2020. There has seen improvement in June as most of businesses resumed operations while social distancing regulations have been relaxed and restaurants reopened. According to the Thai Restaurant and Business Association, an estimated 10-15% of restaurant operators will quit their businesses as a result from global travel restrictions and closures of dine-in restaurants. Thailand is losing U.S. \$ 9-10 billion spending on foods from inbound tourists. Based on Kasikorn Research Center, assuming that the COVID-19 situation gets better in the second half of this year, 2020 annual sales for the restaurant industry are estimated at US\$ 13 billion, 6% down from last year. Amid sagging economy and tourism fallout, food and restaurant business operators faced challenge to drive positive business growth at the same level prior to the Covid-19 crisis. After all, subject's operation would see on the decelerated path.

Regarding financial outcome ended Dec 31, 2019, subject's sales and service revenue hiked

20.05% to THB 976.91 million, compared to THB 813.73 million in 2018. After having net profit of THB 15.78 million in the prior year, subject ended this year in net loss of THB 164.26 million due to upsurge of selling & administration expense and rising finance cost burden. As a consequence, subject carried total accumulated loss of THB 230.32 million by the end of period. During the year, subject had raised its paid-up working capital to THB 522.00 million, from THB 122.00 million in FY 2018 which should improve overall financial standing. Subject's gearing ratio trended downward to 1.47 times in 2019; from 10.92 times in the year before. Yet, subject would likely face difficult liquidity as seen from 0.26 times of current ratio. Overall financial condition of subject was said to be weak and its debt paying ability impaired by low liquidity level and high loss result in this fiscal. As such, credit should be proceeding under guarantee.

**----- End of the Report -----**