

TACC-011/2017

May 11, 2017

Subject: Management Discussion and Analysis for the First Quarter ended March 31, 2017

To: Managing Director  
The Stock Exchange of Thailand

T.A.C. Consumer Public Company Limited ("the company") would like to clarify the operating results for the first quarter ended March 31, 2017 as follows:

#### Revenues

#### Sales

In the 1st quarter of 2017, the company achieved a revenue of 283.30 million baht. This had an increase of 0.08 million baht (0.03%) from the 1st quarter of 2016 (283.22 million baht), due to the following reasons:

- 1) The company achieved 3.14 million Baht (1.24%) increase from domestic sales, from 253.71 million Baht for the three-month of 2016 to 256.85 million Baht for the three-month of 2017. This growth was due to (A) non-coffee products in All Café (a fresh coffee corner within the 7-Eleven store) and, (B) Hot Drinks in Dispensing Machine (C) "Japanese Style Donut Original Flavor" under "A Smile" brand being launched in September 2016. In addition, (D) Cold Drinks in Dispenser excluding the seasonal flavour which is normally started in April unlike that of last year, started in March (E) New product Mocktails "Magarita Mocktail" and "Mai Tai Mocktail" being launched in March 2017.
- 2) The company got the decrease of 3.06 million baht (10.39%) from international sales, from 29.51 million baht for the 1st quarter of 2016 to 26.45 million baht for the 1st quarter of 2017. The reason came from an intensified aggressive promotion of a competitor in Green tea market. Meanwhile, the company has launched energy drinks in Cambodia under brand "Jump Start" in two flavors, mixed fruits and pomegranate since January 2017 onwards.



## Other income

In the 1st quarter of 2017, the company had other income of 3.78 million baht. This was increased by 204.84% from the 1st quarter of 2016 (1.24 million baht), due to unrealized gain on short term of investment, interest income and other income from compensation.

## Cost of Sales

In the 1st quarter of 2017, the company incurred expense of 192.79 million baht in cost of goods sold (68.05% of sales) deriving 31.95% gross margin. For the 1st quarter of last year, the company incurred expense of 196.19 million baht in cost of sales (69.27% of sales) or 30.73% gross margin. The company was able to achieve an improved percentage of margin by selling more on the products with higher gross margin.

## Selling Expenses

In the 1st quarter of 2017, the company incurred an increase in selling expense by 21.28%, from 40.11 million baht for the 1st quarter of 2016 to 48.64 million baht for the 1st quarter of 2017. This increase was due to sale promotion, advertising for the new product "Jump Start" energy drink and etc.

## Administrative Expenses

In the 1st quarter of 2017, the company incurred a decrease in administrative expense by 25.87%, from 17.74 million baht for the 1st quarter of 2016 to 13.15 million baht for the 1st quarter of 2017. This was due to no investment in a corporate information system compared to that of last year.

## Finance Costs

In the 1st quarter of 2017, the company derived a decrease in finance cost of 50.97%, from 0.15 million baht in the 1st quarter of 2016 to 0.07 million baht this year. This Jump Start was due to deferred interest that the company paid some of financial lease in 2016. The liabilities under financial lease in statement of financial position had decreased in accordance .



### Net Profit

In the 1st quarter of 2017, the company achieved 1.91 million baht increase in net profit, from 23.92 million baht (8.41 % of sale) for the 1st quarter of 2016 to 25.83 million baht (9.00 % of sale) for the 1st quarter of 2017. The increase of the net profit was achieved mainly due to the focus on sales of high margin products.

Sincerely yours,



Mr. Chanit Suwanparin

Managing Director

T.A.C. Consumer Public Company Limited

