

CBG 042/2017

11 August 2017

Subject Payment of interim dividend and management discussions and analysis for the 3-month
and 6-month periods ending 30 June 2017

To President
 The Stock Exchange of Thailand

Reference is made to the resolutions of the Board of Director Meeting No. 6/2017 of Carabao Group Public Company Limited (the "Company") held on 11 August 2017 as follows:

1. To approve payment of interim dividend for the operating results of January to June 2017 from net profit and retained earnings under the Company's financial statement, to the shareholders, at an amount totaling THB 350,000,000 at the rate of THB 0.35 per share and set the record date on 28 August 2017; to gather the names pursuant to section 225 of the Securities and Exchange Act by way of book closing on 29 August 2017; and to pay dividend on 8 September 2017.
2. We, Carabao Group Public Company Limited (the "Company" or "CBG"), are pleased to submit management discussion and analysis regarding consolidated financial performance and position of the Company and subsidiaries (the "Group") for the 3-month and 6-month periods ending 30 June 2017 as follows:

Consolidated financial performance of the Group for the 3-month and 6-month periods ending 30 June 2017 in comparison with the corresponding period last year ending 30 June 2016

We have committed ourselves to strategies that emphasized on building up strong fundamentals in order to drive our businesses towards a sustainable growth organization. Our domestic performance has been invigorated by the product strategies that are not only limited to rolling out branded products under Carabao trademark, ranging from Drinking Water launched since the 1st quarter of 2016 to 3-in-1 and RTD Coffee marketed since the 2nd half of 2016. These new products will play a vital role in the Group's domestic expansion in the future, particularly 3-in-1 Coffee and RTD Coffee of which the combined generated sales of THB 203 million and THB 379 million for the 3-month and 6-month periods ending 30 June 2017, respectively. Apart from launching new products, our product strategies also include the shaping up additional revenue stream from distribution of diversified set of 3rd party products in both food and non-food categories. Following this, revenue from 3rd party products for distribution derived to THB 194 million and THB 339 million for the 3-month and 6-month periods ending 30 June 2017, respectively

Our domestic market growth is also supported by our cash van strategies which have extended our distribution capability to cover more than 320,000 retailers nationwide via our 31 distribution centers and a sizable fleet of 337 cash vans, as of 30 June 2017. Revenue from sales through our cash van route contributed to THB 533 million and THB 1,007 million in 3-month and 6-month periods ending 30 June 2017, respectively. Of which, sales of our branded products and 3rd party products for distribution accounted for the ratio of approximately 70:30 during the corresponding period.

Overseas businesses continue to grow in both our existing export markets and those new ones, which operated by our domestic subsidiary, namely Carabao Tawandang Company Limited ("CBD"), and our overseas subsidiary, namely Intercarabao Limited ("ICUK"). Revenue from sales of our energy drinks under Carabao trademark to existing export markets amounted to THB 963 million and THB 1,772 million, increased by THB 194 million or 25.2% and up by THB 287 million or 19.3% for the 3-month and 6-month periods ending 30 June 2017, respectively. The rise was due to increasing purchase orders from our energy drinks under Carabao trademark in both bottle and non-carbonated can formats principally in CLMV countries and Afghanistan. Further to the existing markets, pursuant to the Board of Directors' meeting No. 4/2560 held on 25 April 2017 to approve our withdrawal from the Greater China Investment Project, the Group nevertheless benefits from manufacturing and exporting our products to the

People's Republic of China for marketing for the purpose of further selling and distributing to our target consumers all over several key provinces in the People's Republic of China. Operations in the People's Republic of China are led under active marketing policies of the JV Group's management. Consequently, CBD generated revenue from sales of energy drinks under Carabao trademark to new export market i.e. the People's Republic of China amounted in a total of THB 569 million and THB 612 million for the 3-month and 6-month periods ending 30 June 2017, respectively.

ICUK's primary attempts to concrete extensive distribution coverage were challenged, especially in the modern trade channels, owing to the dynamics and competitive setting of energy drink market itself as well as relatively high bargaining power of reputable modern trade operators. These altogether caused us a longer than expected lead time to initiate, go through their approval process and list our products to the shelves based on their conditions. Even though our sales volume of energy drinks under Carabao trademark in the United Kingdom improved steadily quarter on quarter, up from the average monthly sales volume of 167k cans in the 1st quarter of 2017 to 368k cans in the 2nd quarter of 2017, such progress came merely from distributing through certain traditional trade and modern trade channels ICUK successfully signed in for listing year to date only. As a consequence, ICUK has reshaped its business plans to reflect the circumstances under which it is faced. Doing so shall entail further penetrations in modern trades, which is supported by our distinguishing position of official sponsor to Chelsea Football Club Limited and English Football League, careful allocation of marketing and promotional budgets to spur growth through priority channels, strong push of product sampling experiences among the target group to attract the trials for future sales and cost reductions particularly in redundant procedures to deliver appropriate rate of return on sales. ICUK also continued to bear fruit from increasing sales of our energy drinks under Carabao trademark quarter on quarter outside the UK, up from the monthly average of 475k cans in the 1st quarter of 2017 to 712k cans in the 2nd quarter of 2017. The Group believes such window of business opportunities is opened up by our bolstering visibility of energy drinks under Carabao trademark in the global spotlight, thanks to our sponsorships to Chelsea Football Club Limited and English Football League expected to serve as a key to future growth in overseas businesses. In light of this, we have decided to enter into the deed of variation in respect of rights and fees to the sponsorship agreement with Chelsea Football Club Limited. The amendments allow the Group to extend sponsorship period from a three-year term ending 30 June 2019 to a five-year term ending on 30 June 2021, whereby the Group shall bear an extra cost of GBP 3 million throughout this entire arrangement. However, should the first three years come to end, our sponsorship status will be automatically changed from "Principal Partner" to "Global Partner" in the next following two years.

1 Revenue from sales

For the Q2/2017, our revenue from sales amounted to THB 3,507 million, up by THB 1,191 million or 51.4% on the back of both domestic and overseas sales.

Revenue from sales Unit: THB million	3-month period ending		Change		6-month period ending		Change	
	30 Jun 16	30 Jun 17	Amount	%	30 Jun 16	30 Jun 17	Amount	%
Branded products by our own manufacture ^{1/}	1,497	1,480	(17)	(1.1%)	2,861	2,916	55	1.9%
Branded products by ^{3rd} party manufacture ^{2/}	33	230	197	n/m	52	432	380	n/m
^{3rd} party products for distribution	17	194	177	n/m	20	339	319	n/m
Others	-	14	14	n/m	-	32	32	n/m
Revenue from domestic sales	1,547	1,918	371	24.0%	2,933	3,719	786	26.8%
Branded products	769	1,575	806	n/m	1,485	2,456	971	65.4%
Others	-	14	14	n/m	-	20	20	n/m
Revenue from overseas sales	769	1,589	820	n/m	1,485	2,476	991	66.7%
Total revenue from sales	2,316	3,507	1,191	51.4%	4,418	6,195	1,777	40.2%

Note: 1/ Energy Drinks and Sport Drinks
2/ Drinking Water, 3-in-1 Coffee and RTD Coffee

Revenue from domestic sales amounted to THB 1,918 million, up by THB 371 million or 24.0% driven by two individual product groups: (i) revenue from sales of branded products by 3rd party manufacture increased by THB 197 million thanks to the sales of 3-in-1 Coffee and RTD Coffee, which were launched in the second half of 2016, derived to a total of THB 203 million in 3-month period ending 30 June 2017, and (ii) revenue from 3rd party products for distribution increased by THB 177 million due to the growing number of 3rd party products for distribution i.e. up from 3 products as of 30 June 2016 to 18 products as of 30 June 2017. Whereas, revenue from sales of branded products by our own manufacture decreased by THB 17 million or 1.1% due to the drop in sales of sport drinks of THB 35 million.

For overseas businesses, revenue from sales of branded products amounted to THB 1,575 million, up by THB 806 million or 104.8% due to (i) the rise in export to the People's Republic of China market which contributed to THB 569 million as a part of our marketing strategy to endorse the People's Republic of China as a strategic country for marketing in Asia region and (ii) surging demands for our bottled and canned energy drinks in the CLMV region, of which sales was up by THB 232 million or 72% from the corresponding period.

For the first half of the year (1H/2017), the Group's total revenue from sales amounted to THB 6,195 million, up by THB 1,777 million or 40.2% from the corresponding period last year. This comprised of revenue from domestic sales amounting to THB 3,719 million, up by THB 786 million or 26.8% from the corresponding period last year, and revenue from overseas sales contributing to THB 2,476 million, raised by THB 991 million or 66.7%. The change in total revenue was resulted from (i) the increase in revenue from sales of branded products by 3rd party manufacture of THB 380 million, (ii) the growth in revenue from 3rd party products for distribution of THB 319 million as the Group has reached 31 owned distribution centers as compared to 25 distribution centers and launched 3 branded products by 3rd party manufacture, and (iii) the rise in revenue from overseas sales mainly contributed by our attempt in export to the People's Republic of China market of which sales comprised to THB 612 million or accounted for 24.7% of revenue from overseas sales.

Note that our newly installed machines will be a key factor in driving our production volume to satisfy demands for our canned energy drinks in the CLMV region, Afghanistan and Yemen as well as the People's Republic of China where is a sizable market and represents a high growth potential in the future.

2 Gross profits and gross profits margin

In Q2/2017, our gross profits amounted to THB 1,131 million, up by THB 270 million or 31.4%, and represented gross profit margin of 32.3%, down from 37.2% posted during the corresponding period last year. This comprised of gross profits from domestic sales and export sales of THB 597 million and THB 534 million, respectively, implying gross profit margins of 31.1% and 33.6%, respectively.

Gross profits Unit: THB million	3-month period ending		Change		6-month period ending		Change	
	30 Jun 16	30 Jun 17	Amount	%	30 Jun 16	30 Jun 17	Amount	%
Branded products by our own manufacture ^{1/}	594	543	(51)	(8.6%)	1,133	1,097	(36)	(3.2%)
Branded products by 3 rd party manufacture ^{2/}	6	31	25	n/m	9	57	48	n/m
3 rd party products for distribution	3	23	20	n/m	4	44	40	n/m
Others	-	-	-	n/m	-	-	-	n/m
Gross profits from domestic sales	603	597	(6)	(1.0%)	1,146	1,198	52	4.5%
Branded products	258	531	273	n/m	501	813	312	62.3%
Others	-	3	3	n/m	-	3	3	n/m
Gross profits from overseas sales	258	534	276	n/m	501	816	315	62.9%
Total gross profits	861	1,131	270	31.4%	1,647	2,014	367	22.3%

Note:

1/ Energy Drinks and Sport Drinks

2/ Drinking Water, 3-in-1 Coffee and RTD Coffee

For 1H/2017, the Group's gross profits derived to THB 2,014 million, increased by THB 367 million or 22.3%, and represented gross profit margin of 32.5%, down from the gross profit margin of 37.3% in the

corresponding period last year. This comprised of gross profits from domestic sales and gross profits from overseas sales amounted to THB 1,198 million and THB 816 million respectively, referring to gross profit margins of 32.2% and 33.0%, correspondingly. Such reduction in gross profit margin was caused by change in product mix, rise in production costs and increase in packaging cost purchased from external party.

Gross profits margin from domestic sales was lower to 32.2% from 39.1% in the corresponding period due to higher production costs i.e. sugar, packaging materials, energy cost and the employees' remuneration packages which increased as a result of our growing headcounts and upward adjustment of based compensations in accordance with our human resource policy. This was also resulted from the change in product mix due to the launch of new products, of which produced by our 3rd party manufacture which typically deliver lower gross profit margin, and a wider product variety of 3rd party products for distribution, which each offers different gross profit margins. Therefore, such significant rise in sales from these two categories lowered the average gross profit margin from domestic sales.

Gross profits margin	3-month period ending		6-month period ending	
	30 Jun 16	30 Jun 17	30 Jun 16	30 Jun 17
Branded products by our own manufacture ^{1/}	39.7%	36.7%	39.6%	37.6%
Branded products by 3 rd party manufacture ^{2/}	19.6%	13.3%	17.3%	13.1%
3 rd party products for distribution	16.6%	12.1%	17.6%	13.1%
Others	-	0.8%	-	0.8%
Gross profits margin from domestic sales	39.0%	31.1%	39.1%	32.2%
Branded products	33.6%	33.7%	33.7%	33.1%
Others	-	18.2%	-	16.7%
Gross profits margin from overseas sales	33.6%	33.6%	33.7%	33.0%
Total gross profits margin	37.2%	32.3%	37.3%	32.5%

Note: 1/ Energy Drinks and Sport Drinks
2/ Drinking Water, 3-in-1 Coffee and RTD Coffee

In 1H/2017, revenue from overseas sales delivered lower gross profits margin i.e. down to 33.0% from 33.7% due to increasing production costs and change in some of our product recipe to the correspondent export market of the People's Republic of China.

3 Selling, general and administrative (SG&A) expenses

In Q2/2017, our SG&A expenses amounted to THB 742 million, up by THB 307 million or 70.6%, and represented 21.2% of total revenue from sales, up from 18.8% during the corresponding period last year. Such significant increase resulted mainly from consolidations of ICUK's financial performance and position since the 4th quarter of 2016.

SG&A expenses Unit: THB million	3-month period ending		Change		6-month period ending		Change	
	30 Jun 16	30 Jun 17	Amount	%	30 Jun 16	30 Jun 17	Amount	%
Selling expenses (Non-ICUK)	319	403	84	26.3%	581	812	231	39.8%
Selling expenses (ICUK)	-	171	171	n/m	-	330	330	n/m
Selling expenses	319	574	255	79.9%	581	1,142	561	96.6%
General and administrative expense	116	168	52	44.8%	227	338	111	48.9%
Total SG&A expenses	435	742	307	70.6%	808	1,480	672	83.2%

Our selling expenses amounted to THB 574 million, up by THB 255 million or 79.9% in the corresponding period and our administrative expenses amounted to THB 168 million, up by THB 52 million or 44.8%.

For the 1H/2017, SG&A expenses was at THB 1,480 million, increased by THB 672 million or 83.2%, and represented 23.9% of total revenue from sales, up from 18.3% in the corresponding period last year.

Selling expenses amounted to THB 1,142 million up by THB 561 million or 96.6% in the corresponding period last year. The considerable rise was due to increase in major expenses including (1) employee's remuneration package and rental payments in respect of distribution centers and fleet of cash vans (2)

marketing and promotional expenses in association with promoting and distributing 3-in-1 Coffee and RTD Coffee to build up brand awareness and to push the products through key channels nationwide, especially the modern trade ones, and (3) sponsorship fees payable to Chelsea Football Club Limited as well as one-off expenses incurred from the event for official launch of Carabao Cup held in the United Kingdom.

Note that a significant factor that may impact our selling expenses in the following periods is the recognition of sponsorship expenses for English Football League based on terms and conditions as agreed among the parties. In this regard, we will start recognizing the EFL sponsorship fees through our consolidated statement of comprehensive income from June 2017 onwards for a total of 36 months in effect.

Administrative expenses derived to THB 338 million, raised by THB 111 million or 48.9% due to consolidations of ICUK's financial performance and position. It also resulted from the employees' remuneration packages that increased as a result of our growing headcounts and upward adjustment of based compensations in accordance with our human resources policies.

We believe that our SG&A expenses have become normalized and the overall cost control measures are well implemented so that to serve as a tailwind factor to our ability to effectively manage SG&A expenses.

4 Financial expenses

Our financial expenses in Q2/2017 amounted to THB 5 million, up by THB 4 million from the corresponding period last year. It was due to our multiple drawdowns of loans from financial institutions in order to support our production capacity expansion projects at Bangpakong, Chacheungsao province.

For 1H/2017, financial expenses derived to THB 10 million, increased by THB 9 million from the corresponding period last year. This was due to our multiple drawdowns of loans from financial institutions in order to support our production capacity expansion projects at Bangpakong, Chacheungsao province. As of 30 June 2017, the Company has reached the maximum drawdowns of loans from financial institutions and its Subsidiaries also engaged in an additional loan contract.

5 Net profits and net profits margin

In Q2/2017, our net profits amounted to THB 327 million and represented net profits margin of 9.3%, dropped from net profits of THB 393 million and net profits margin of 17.0% in the corresponding period last year. Such decline was mainly due to deterioration in gross profits margin, consolidations of ICUK's financial performance and position since the 4th quarter of 2016, and costs increased concerning to the activation of our 31 distribution centers.

For 1H/2017 period, our net profits derived to THB 450 million and represented net profit margin of 7.3%, decreased from THB 769 million which posted net profit margin of 17.4% in the corresponding period last year. The decline was resulted from the rising costs in SG&A expenses with regard to the sponsorship fees payable to Chelsea Football Club Limited and one-off expenses incurred from the event for official launch of Carabao Cup held in the United Kingdom.

Our net profits attributed to shareholders of the Company in the Q2/2017 amounted to THB 426 million, up by THB 33 million or 8.5%, and contributed to THB 647 million in 1H/2017, decreased by THB 121 million or 15.8% for the same reasons.

Consolidated financial position of the Group as of 30 June 2017 in comparison with that as of 31 December 2016

Total assets were THB 11,432 million, up by THB 1,654 million or 16.9% from THB 9,778 million as of 31 December 2016 due mainly to trade receivables and inventories set to move in response to our growth in business operations. In addition, such increase in total asset also resulted from our investments in expanding production capacities at Bangpakong, Chacheungsao province.

- Translation -

Total liabilities were THB 4,436 million, up by THB 1,757 million or 65.6% from THB 2,679 million as of 31 December 2016 due mainly to trade payables and other payables. We also made additional utilization of THB 1,145 million based on loans from financial institutions. Our interest-bearing debt therefore amounted to THB 2,145 million or equivalent to the ratio of interest-bearing debts to total equity of 0.31 times, up from 0.14 times as of 31 December 2016. Our ratio of debts to total equity was 0.64 times, up from 0.38 times as of 31 December 2016.

Yours sincerely,

Pongsarn Klongwathanakith

(Pongsarn Klongwathanakith)

Chief Financial Officer