



IDH-AC-000-อส6305/04.00

11 May 2020

Re: Management Discussion and Analysis
Operating results for the three-month period ended 31 March 2020

To: President
The Stock Exchange of Thailand

Overview of the operating result for the first quarter of 2020

In first quarter of 2020, the situation of global epidemic of Coronavirus disease 2019 (COVID-19) as well as the spread in Thailand, the government issued epidemic control measures for COVID 2019. The Company and its subsidiaries (“the Group”) had fully cooperated to help reducing the spread of infection and coming first the consideration of customer and employee’s safety. There were temporarily closed 8 large branches, namely; Rangsit Branch, Bang Bua Thong Branch, Rama 2 Branch, Petchkasem Branch, Korat Branch, Udon Branch, Khon Kaen Branch and Chiang Mai Branch and 6 small Branches (Dohome ToGo) comprising of Makro - Charansanitwong Makro-Sathorn Branch Big C-Bang Phli Branch Lotus - Korat Branch Pantip-Ngamwongwan Branch and Lotus-Bangna Branch. Rangsit since March 22, 2020. However, the Group can provide services through online ordering channel (E-Commerce) and direct phone ordering to our sales team and sales representative as usual.

By the way, the Group had followed up and evaluated closely the situations and implemented appropriate measures to reduce the business impacts as follows;

- 1) Changing working processes during temporary closing some branches, customers can order our products via direct phone through sales team and sales representative as well as delivery to customer’s home. The Group had increased sales team to support such channels for providing sufficient facilities to customers.
- 2) Maintaining profitability and financial status, the Group had reduced the budget of expenses that can be adjusted; such as, travelling expenses, overtimes and commission, etc. Also, the Group had delayed the project of some expenses and maintained its liquidity during temporary branches closure by maintaining the ability to pay off the debts and obligations when contract was due.
- 3) Considering more credit tightly and following up on debts closely, this is to prevent incurring bad debts that may be occurred in the near future.
- 4) Taking care our employees, the Group had announced significant measures using for employees and visitors as follows;
 - Service staff needs to wear a face mark whole the times while working



- Providing body temperature examination before entering the building 100%, employee or visitor who has temperature higher than 37.5 degrees Celsius will not be allowed to enter into such area strictly.
 - Both in the Company business or private, travelling aboard were not allowed.
 - The meeting with external parties in person were not allowed, conference call or online meeting was applied instead.
 - Approving to the change of appropriate working time for employee attendance, it is to reduce the risk of travelling in rush hours and congestion.
 - Making life insurance (COVID-19) for employees, all will be insured with coverage limit in the amount of Baht 50,000.
- 5) Preparing the public health, the Group had provided the epidemic prevention measures at all branches as follows;
- Set screening point and body temperature measurement for all customers at the entrance area
 - Add service point for hand sanitizer
 - Measure daily body temperature of all staffs before working
 - Request cooperation from all customers and staffs wearing the face masks
 - Clean the frequently exposed equipment with antiseptic
 - Clean the floor with antiseptic every hour
 - Increase the frequency of cleaning the toilet and checking the sufficiency of toilet paper and soap to wash hand
 - Install the sign to advise the operation when found to have fever
 - Prepare to take the patient to the hospital upon the request

After the situation of pandemic of Coronavirus disease (COVID-19) in Thailand had improved continuously and the government has relaxed the control measures, The Group has resumed opening 4 large branches as usual during 8.00 a.m. to 5.00 p.m.; such as, Rama 2 Branch, Petchkasem Branch, Korat Branch and Udon Branch, etc. since May 3, 2020 in order to support customer demands with strict public health measures.

From the outbreak of Coronavirus disease and government measure, it affected to the Group's total revenue in first quarter of 2020 was at Baht 4,621.79 million, representing a decrease of 7.2% over the same period of last year. The net profit was Baht 177.30 million, a decrease of 28.1% over same period last year. However, the decrease in net profit was mainly from the group has changed accounting policies about provision for obsolete and slow-moving of inventory in the first quarter of 2019. The reversal was Baht 73.3 million.

For the branch expansion in the first quarter of 2020, the group opened 1 Dohome To Go branch which was Tesco Lotus Bang-na branch. The current existing branches include 10 large branches and 6 Dohome To Go branches.



Financial Summary for the three-month period ended 31 March 2020 and 31 March 2019

	Three-month period		Three-month period		Increase (Decrease)	
	ended 31 March 2020		ended 31 March 2019			
	THB mm	%	THB mm	%	THB mm	%
Revenue from sales	4,543.28	98.3	4,909.47	98.6	-366.19	-7.5
Revenue from services	35.06	0.8	40.25	0.8	-5.19	-12.9
Revenue from sales and services	4,578.33	99.1	4,949.72	99.4	-371.38	-7.5
Other incomes	43.46	0.9	30.52	0.6	12.93	42.4
Total revenues	4,621.79	100.0	4,980.24	100.0	-358.45	-7.2
Cost of sales	3,871.55	83.8	4,139.24	83.1	-267.70	-6.5
Gross profit⁽¹⁾	706.79	15.4	810.47	16.4	-103.69	-12.8
Selling and administrative expenses	464.12	10.0	453.42	9.1	10.69	2.4
Other expenses	0.10	0.0	3.05	0.1	-2.95	-96.6
Profit before finance costs and income tax	286.02	6.2	384.52	7.7	-98.50	-25.6
Finance costs	64.43	1.4	76.47	1.5	-12.04	-15.7
Profit before income tax	221.59	4.8	308.05	6.2	-86.46	-28.1
Income tax expenses	44.29	1.0	61.37	1.2	-17.08	-27.8
Net Profit	177.30	3.8	246.68	5.0	-69.38	-28.1

Remark: (1) Gross profit margin does not include other incomes in calculation

The operating result for the first quarter of 2020

The Company and its subsidiaries (“the Group”)’s net profit for the first quarter of 2020 was Baht 177.30 million equivalent to a net profit margin of 3.8%, representing a decrease of 28.1% over the same period of last year which had a net profit of Baht 246.68 million equivalent to a net profit margin of 5.0%. The main reasons for the decrease were as follows:

- Total revenues** was Baht 4,621.79 million, a decrease of Baht 358.45 million or down by 7.2% over the same period of last year, which comprised of the following details:
 - Revenue from sales and services** was Baht 4,578.33 million, a decrease of Baht 371.38 million or down by 7.5% over the same period of last year, which was mainly from the outbreak of Coronavirus disease 2019 (COVID-19) and the government had measure to prevent the spread of the virus by announced that the establishment had to temporarily close. Therefore, The Group had to temporarily close 8 stores of outlets and 6 small branches since 22 March 2020. Resulting in revenue from sales at POS significantly decrease within period ten days. Including with the slowdown in the country’s economic conditions especially in up-country landscape. However, revenues from branches in the ramp-up phase continue to increase, despite being affected from the outbreak of Coronavirus disease.



- **Other incomes** was Baht 43.46 million, an increase of Baht 12.93 million or 42.4% over the same period of last year, which was mainly due to the increase in subsidy income from suppliers.

- 2. **Gross profit** was Baht 706.79 million equivalent to a gross profit margin of 15.4% decreasing from the gross profit margin of 12.8% over the same period of last year. It was mainly from changing the accounting policies by the group regarding to the provision for obsolete and slow-moving of inventory in the first quarter of 2019, resulting to decrease in cost of goods sold from reversal of provision which was Baht 73.3 million. However, if consider gross profit margin without affecting from change in accounting policies about the provision for obsolete and slow-moving policies, it found that gross profit margin in the first quarter of 2019 decreased to 14.9% which was lower than gross profit margin in the first quarter of 2020 at 15.4%. The increase in gross profit margin of the first quarter of 2020 was mainly from the significant increase in the gross profit margin of house brand products from 14.5% to 17.3% over the same period last year. This is in accordance with the Group strategy to increase gross profit of house brand products to 20% within the year of 2022.

- 3. **Selling and administrative expenses** was Baht 464.12 million, an increase of Baht 10.69 million or 2.4% over the same period of last year, which was mainly due to the increase of administrative employee's expenses according to the Company's chart.

- 4. **Finance costs** were Baht 64.43 million, a decrease of Baht 12.04 million or down by 15.7% over the same period of last year, which decreased in line with the lower amount of loans from financial institutions and interest rate.

- 5. **Income tax** was Baht 44.29 million, a decrease of Baht 17.08 million or down by 27.8% over the same period of last year, which decreased in accordance with the Group's profit before income tax.

Sincerely yours,

-Chayanon Horpattaporn-
(Mr.Chayanon Horpattaporn)
Chief Financial Officer
Dohome Public Company Limited