

## Executive summary

The overall global economy was projected to slow down significantly due to the COVID-19 pandemic. The pandemic severely affects both external and domestic demand in tourism, manufacturing, and exporting sectors, as well as softens private consumption indicators. The outbreak also led to excessive volatility in the global financial markets.

The COVID-19 pandemic presents unprecedented challenges for our community and situation is evolving every day. Central Retail Corporation Public Company Limited (“the Company”)’s priority in this uncertain time is the health and safety of all stakeholders – customers, employees, business partners and communities. In order to strictly following the government’s order, we have closed fashion and hardline (Non-food) stores, while our food store remains operational to serve customers’ demand on essential consumer products. In addition, Central retail has proactively implemented stronger preventive measures in all of its business locations since the beginning of the pandemic, for example, disinfection and preventative measures in business locations, work guidelines for employees to curtail the spread of COVID-19 as well as support our partner and community to help prevent the spread of the virus and support those already affected.

Throughout the COVID-19, Central Retail understands the concern of our customers. We exert our utmost effort to accommodate and facilitate all customers’ need. Due to unprecedented demand for grocery, in respond, we ensure that our stockpiles of food and essential products are enough to serve the customers’ need. In addition, we step up our omni channel platform to serve the needs of our customers, similar to bring our physical stores into your home through our group e-commerce platform, mobile application, Line Chat&Shop and Call&Shop as well as free delivery service upon certain condition. Meanwhile, the Company has already taken several measures across our business units to minimize the impact on our profitability and maintain financial flexibility.

## Current business environment

1. Thailand: We temporarily closed our fashion and hardline (Non-food) stores around 90% of total stores in accordance with the government requirement since 22 March while food business such as Central Food Hall, Tops Market, Tops Daily, and FamilyMart remain operational nationwide.
2. Vietnam: The restrictions on non-food business and other activities imposed by government last week of March, therefore we closed some of non-food stores. Over 95% of our non-food business reopened after eased lock down.

- Italy: We temporarily closed all 9 department stores since 12 March until now due to the severity of virus transmission.

In addition, Mitigation plan implemented with full set of initiatives to minimize the short term impact on our profitability and maintain financial flexibility amidst of crisis as well as long term sustainable growth as follow

### MITIGATION PLAN IMPLEMENTED WITH FULL SET OF INITIATIVES TO SEIZE SHORT-TERM OPPORTUNITIES AMIDST CRISIS



In the first quarter of 2020 (1Q2020), Central Retail Corporation Public Company Limited and its subsidiaries (“the Company”) reported total revenue of THB 54,285 million, increased by 1.1%, net profit was THB 890 million, decreased by 63.4% from the same period last year. This resulted from the government measures to control the COVID-19 pandemic, by temporary closure of Department store, Retail and Plaza, which impact us in Thailand, Italy, and Vietnam, particularly in Fashion business sales dropped THB 3,500 million or 22.1%. However, the Company has improved sales by other channels, such as online, chat & shop, call & shop, etc. In addition, the TFRS #16 Leases and TFRS #9 Financial instruments have adopted since 2020, which impact to rental decrease THB 1,959 million, depreciation increase THB 1,746 million, financial cost increase THB 355 million, and administrative expenses decrease THB 8 million, total net THB 134 million.

## Financial summary for 3 months period ended March 31, 2020 and March 31, 2019

	Three-month period		Three-month period		Increase (decrease)	
	31 Mar 2020		31 Mar 2019			
	THB millions	%	THB millions	%	THB millions	%
Revenue from sales	48,631	89.6%	47,897	89.2%	734	1.5%
Revenue from sales from fashion segment	12,343	22.7%	15,842	29.5%	(3,500)	(22.1%)
Revenue from sales from hardline segment	13,853	25.5%	10,533	19.6%	3,320	31.5%
Revenue from sales from food segment	22,435	41.3%	21,521	40.1%	914	4.2%
Revenue from rental services	1,605	3.0%	1,667	3.1%	(62)	(3.7%)
Revenue from rendering of services	340	0.6%	414	0.8%	(73)	(17.7%)
Interest income	55	0.1%	73	0.1%	(19)	(25.3%)
Other income	3,654	6.7%	3,651	6.8%	3	0.1%
<b>Total revenue</b>	<b>54,285</b>	<b>100.0%</b>	<b>53,703</b>	<b>100.0%</b>	<b>583</b>	<b>1.1%</b>
Cost of sales of goods	37,176	68.5%	34,812	64.8%	2,364	6.8%
Gross profit from sales <sup>(1)</sup>	11,455	23.6%	13,085	27.3%	(1,630)	(12.5%)
Cost of rental and rendering of services	442	0.8%	517	1.0%	(76)	(14.7%)
Gross profit from rental and rendering of services <sup>(2)</sup>	1,504	77.3%	1,563	75.1%	(60)	(3.8%)
Gross profit	12,959	25.6%	14,649	29.3%	(1,690)	(11.5%)
Selling expenses	10,847	20.0%	11,266	21.0%	(419)	(3.7%)
Administrative expenses	4,080	7.5%	4,025	7.5%	55	1.4%
Share of profit of associates and joint ventures	65	0.1%	115	0.2%	(49)	(43.0%)
<b>Profit before finance costs and tax expense</b>	<b>1,807</b>	<b>3.3%</b>	<b>3,197</b>	<b>6.0%</b>	<b>(1,391)</b>	<b>(43.5%)</b>
Finance costs	615	1.1%	217	0.4%	397	182.8%
<b>Profit before tax expense</b>	<b>1,192</b>	<b>2.2%</b>	<b>2,980</b>	<b>5.5%</b>	<b>(1,788)</b>	<b>(60.0%)</b>
Tax expense	302	0.6%	545	1.0%	(244)	(44.7%)
<b>Profit for the period</b>	<b>890</b>	<b>1.6%</b>	<b>2,434</b>	<b>4.5%</b>	<b>(1,544)</b>	<b>(63.4%)</b>
<b>Profit attributable to owners of the parent</b>	<b>743</b>	<b>1.4%</b>	<b>1,925</b>	<b>3.6%</b>	<b>(1,182)</b>	<b>(61.4%)</b>
<b>Operating Information</b>						
EBITDA	5,879	10.8%	5,591	10.4%	288	5.2%
Normalized EBITDA	4,045	7.5%	5,597	10.4%	(1,552)	(27.7%)
Normalized profit for the period	1,104	2.0%	2,439	4.5%	(1,335)	(54.7%)

<sup>(1)</sup> Percentage margin is calculated by dividing gross profit from sales by revenue from sales.

<sup>(2)</sup> Percentage margin is calculated by dividing gross profit from rental and rendering of services by revenue from rental and rendering of services.

Operating result for the first quarter of 2020 (1Q2020) was as follow:

1. **Revenue from sales of goods** was THB 48,631 million, increased by 1.5% from the same period of the last year.

Revenue from sales can be categorized as follows:

- I. **Revenue from sales from fashion segment** was THB 12,343 million, decreased by 22.1% from the same period of the last year which was driven by the declining of customers shopping and store closure in accordance with government measures to prevent the spread of Covid-19. However, continually to serve customer needs and keep best service during the changed situation, the omni-channel has been improved by expanding channel thru Chat&Shop, Call&Shop, and e-commerce. In addition, the pro-active marketing via online channel led the online sales increased 107% compared to the same period of last year.
  - II. **Revenue from sales from hardline segment** was THB 13,853 million, increased by 31.5% from the same period of the last year, which was driven by an increases in net selling space from newly opened store under our hardline retailing in Thailand category as well as the consolidation of our Nguyen Kim business in Vietnam. In addition, the pro-active marketing via online channel led the online sales increased 64% compared to the same period of last year.
  - III. **Revenue from sales from food segment** was THB 22,435 million, increased by 4.2% from the same period of the last year, which was driven by the growth of food business in Vietnam from both existing and new stores as well as higher contribution from supermarket in Thailand, offsetting with closure of some convenience stores. In addition, the COVID-19 pandemic has positively impacted to our sales due to unprecedented demand for grocery and customer stockpiling.
2. **Revenue from rental services** was THB 1,605 million, decreased by 3.7% from the same period of the last year, which due to the closure of Department store, Retail and Plaza from Covid-19. Tenants could not operate business and also negotiate for rent reduction.
  3. **Revenue from rendering of services** was THB 340 million, decreased by 17.7% from the same period of the last year. The decrease primarily due to the closure of Department store, Retail and Plaza from Covid-19.
  4. **Gross profit** was THB 12,959 million, decreased by 11.5% from the same period of the last year. Main components of the gross profit were as follows:
    - **Gross profit from sales** was THB 11,455 million, decreased by 12.5% and gross profit margin was 23.6%, compared to 27.3% from the same period of last year which was driven by the increase mix of Hardline and Food segment which have lower margin as well as pricing promotion to boost sales.

- **Gross profit from rental services and rendering of services** was THB 1,504 million, decreased by 3.8% and gross profit margin was 77.3% compared to 75.1% from the same period of last year, which was driven by closure department store, retail and plaza and discount to tenants.
- 5. **Selling and administrative expenses** was THB 14,927 million, decreased by 2.4% from the same period of the last year (excluded Nguyen Kim decreased by 5.6%). The decrease was primarily due to the impact of TFRS #16 which has adopted since 2020, and reflected a decrease in net rental expenses, an increase of depreciation as well as some expenses were recorded as financial cost. In addition, the decrease of rental expenses from temporary stores closure during COVID-19 pandemic, decrease of loss from shrinkage and obsolescence due to efficient management as well as other expenses related to sales such as distribution costs, whereas the increase of advertising and promotion expense, the foreign exchange loss and expense for new stores in hardline and food segment, 2 Thai Watsadu, 1 GO! Mall and 1 BigC stores. The Company has strict measure to maximize cost saving.
- 6. **Finance costs** was THB 615 million, increased by 182.8% from the same period of the last year. The increase was primarily due to the impact of TFRS #16 which has adopted since 2020. Therefore, there was an increase of short-term loan from financial institution.
- 7. **Share of profit of associates and joint ventures** was THB 65 million, decreased by 43.0% from the same period of the last year. The decrease was primarily due to the consolidation of our Nguyen Kim business in Vietnam and a decrease in profits from Joint ventures and associates.
- 8. **Tax expense** was THB 302 million, decreased by 44.7% from the same period of the last year.

#### Financial Position

1. **Total assets** as of March 31, 2020 and December 31, 2019 were THB 264,222 million and THB 186,945 million, respectively, which increased THB 77,277 million or equivalent by 41.3%, The increase was primarily due to impact of TFRS #16-Lease, which Right-of-use assets increased THB 70,337 million, Leasehold right decreased THB 21,042 million and cash and cash equivalent increased THB 22,233 million from Initial Public Offering (IPO).
2. **Total liabilities** as of March 31, 2020 and December 31, 2019 were THB 200,587 million and THB 145,986 million, respectively, which increased THB 54,601 million or equivalent by 37.4%, due to the impact of TFRS #16-Lease which increased lease liabilities.
3. **Total equity** March 31, 2020 and December 31, 2019 were THB 63,635 million and THB 40,959 million, respectively, which increased THB 22,676 million, equivalent by 55.4%, The increase was primarily due to Initial Public Offering (IPO), an increase of share capital THB 1,331 million, share premium THB 53,790

million, offset with the difference in value arising from acquiring of Robison Department store THB 22,809 million and non-controlling interests decreased 10,779 million.

**Capital structure**

As of 31 March 2020, the Company's capital structure comprised of total liabilities of THB 200,587 million, which included interest-bearing debt THB 81,359 million, and total shareholders' equity totaled THB 63,635 million. Total liabilities to equity ratio of 3.2 times, and net interest-bearing debt to equity ratio was at 0.8 times.

**Business outlook**

The Company aspires to grow revenue and profit sustainably in the long-term with leading Multi-Format, Multi-Category Customer-Centric Omni-channel Platform. To achieve the target, the Company has set strategic directions to further develops complete Omni-channel services that deliver new and superior retail shopping experiences that fit changing lifestyles of consumers in the era of NOW NORMAL. The Company also emphasizes on efficient operation excellence in all business units and employs strict cash management to ensure short- and long-term liquidity. Furthermore, Company continues to invest in Strategic Growth Projects both in Thailand and overseas, mainly to expand new stores of Thai Watsadu, Robinson Lifestyle Centers, Tops Market, and GO! Mall.