



(Translation)

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No. 990 / 70 / 015 / 2015

15 May 2015

Attention: President  
The Stock Exchange of Thailand

Re: Management's Discussion and Analysis (MD&A) and operating results for the first quarter of 2015

### **Overview 1Q15 Performance**

Overall economy in 1Q15 did not show explicitly recovery sign. This was due to weak of many economic factors, i.e. the export continued to contract from the same period of last year, the agricultural products' price remained low level, but the household debt remained high level. These did not support the domestic consumption sentiment. Private consumption index also decreased from the same period of last year. In addition, retail market has not recovered. Retail business operators used the sales promotion to stimulate the sales revenue but customers were still cautious in their spending. Furthermore, there was a dropping of consumer confidence index in the overall economy and in future income throughout this quarter. The indexes also hit the lowest level in March. This reflected that consumers had more concern about the recovery in economy and their future income.

As of 31 March 2015, the company operates 39 stores in Thailand, comprising of 11 stores in greater Bangkok, 28 stores in the upcountry, and operates 2 stores in Vietnam.

However, the Company has closed Ladya store since 6 May 2015 due to the lease contract expiration.

In 1Q15, the company had total income of Baht 6,885 million, increasing by 5.2% and net profit of Baht 614 million, increasing by 14.0% from the same period of last year. The details are as follow:

#### **Income**

In 1Q15, the company had total income of Baht 6,885 million, increasing by Baht 342 million or 5.2% from the same period of last year. This can be summarized as follow;

- The revenue from sales of goods was Bath 6,036 million, increasing by Baht 95 million or 1.6% from the same period of last year. This was mainly due to sales revenue from new stores which opened since 2014 and sales revenue from the clearance sale promotion before closing the Ladya store. While the shopping sentiment was still weak in this quarter. Customers were cautious in their spending due to the concern about slow recovery in overall economy. Also, the economic growth was lower than the market expectation.



- The investment income was Baht 623 million, increasing by Baht 206 million or 49.4% from the same period of last year. This was mainly due to an increase in the rental income from the new Lifestyle Centers in 2014.
- The other income was Baht 226 million, increasing by Baht 41 million or 22.0% from the same period of last year. This was due to an increase in income related to rental areas in Lifestyle Centers.

#### **Cost of Sales of Goods (COGS)**

- COGS amounted to Baht 4,545 million, increasing by Baht 98 million or 2.2% from the same period of last year. The COGS accounted for 75.3% of net sales, increasing from 74.9% from the same period of last year. This was due to the clearance sale promotion before closing the Ladya store. However, the Company controlled trade discount in other stores in a proper level in order to maintain its profitability.

Gross profit was Baht 1,491 million, decreasing by Baht 3 million or 0.2% from the same period of last year.

#### **Selling and Administrative Expenses (SG&A)**

- SG&A expenses totaled Baht 1,629 million, increasing by Baht 180 million or 12.4% from the same period of last year. This was due mainly to the utilities expenses and asset depreciations expenses from new stores which were opened last year. While, the Company was able to efficiently control and manage expenses from existing stores.

#### **Share of Profit of Associates**

- The share of profit of associates was Baht 118 million, increasing by Baht 26 million or 27.7% from the same period of last year. This was mainly due to an earnings growth in CRC Sport Co., Ltd. While, the share of profit from Power Buy Co., Ltd. remained the same level as last year. Its earnings included the share of profit from NKT New Solution and Technology Development Investment Joint Stock Company.

#### **Net Profit**

- The net profit totaled Baht 614 million, increasing by Baht 76 million or 14.0% from the same period of last year. This was mainly due to an increasing in rental income, an efficient cost management, and an increasing in share of profit of associates.

#### **Financial Status**

(As of 31 March 2015 compared to 31 December 2014)

##### **Assets**

The total assets amounted to Baht 22,780 million, decreasing by Baht 322 million or 1.4%. This can be summarized as follow;

- Cash and cash equivalents and current investment decreased by Baht 608 million due to payment of construction cost of new stores and trade account payable



- Trade accounts receivable decreased by Baht 229 million mainly due to the repayment of rental from tenants.
- Non-current assets increased by Baht 446 million due to an increase in land, property and equipment of new stores and an increase in investments in associates.

### **Liabilities and Shareholders' Equity**

The total liabilities amounted to Baht 9,073 million, decreasing by Baht 990 million or 9.8%. This can be summarized as follow;

- Trade accounts payable decreased by Baht 525 million due to payment of goods which the Company ordered them for selling since last year.
- The other payables decreased by Baht 552 million due to payment of construction cost of new stores.

In addition, the shareholders' equity amounted to Baht 13,708 million, increasing by Baht 668 million or 5.1%.

### **Capital Structure**

- As of 31 March 2015, the Company's capital structure comprised of total liabilities of Baht 9,073 million and total shareholders' equity of Baht 13,708 million; therefore, the Company had liability to equity ratio equal to 0.7. While, The Company had debt to equity ratio equal to 0.2.

### **Expansion plan**

- In 2015, the Company plans to open 4 new stores. Robinson Rayong (store in big shopping mall), which is the first new store this year, will be opened on 27 May 2015. For the rest of the year, the Company targets to open 3 new lifestyle centers.

### **Statements of Comprehensive Income (for 3 month period)**

(Unit : Million Baht)

	<b>1Q15</b>	<b>1Q14</b>	<b>% Change</b>
Revenue from sales of goods	6,036	5,941	1.6%
Investment income	623	417	49.4%
Total income	6,885	6,543	5.2%
Cost of sales of goods	4,545	4,447	2.2%
Selling and administrative expenses	1,629	1,449	12.4%
Share of profit of associates	118	92	27.7%
Net profit	614	539	14.0%
Core net profit*	497	447	11.2%

\*Core net profit is net profit excludes share of profit of associates



<b>Statements of Financial Position</b>	<b>(Unit : Million Baht)</b>		
	<b>31-Mar-15</b>	<b>31-Dec-14</b>	<b>% Change</b>
Cash and cash equivalents	1,279	1,833	-30.2%
Other current assets	2,553	2,787	-8.4%
Non-current assets	18,949	18,482	2.5%
Total assets	22,780	23,102	-1.4%
Current liabilities	8,775	9,757	-10.1%
Total liabilities	9,073	10,062	-9.8%
Total equity	13,708	13,040	5.1%

  

<b>Financial Ratios</b>	<b>1Q15</b>	<b>1Q14</b>
Gross profit margin (%)	24.7%	25.1%
Net margin (%)	10.2%	9.1%
Core net profit margin* (%)	8.2%	7.5%
Return on equity (%)	15.2%	16.4%
<i>(Annualized)</i>		
Return on assets (%)	9.6%	10.8%
<i>(Annualized)</i>		

  

	<b>31-Mar-15</b>	<b>31-Dec-14</b>
Current ratio (time)	0.4	0.5
Liability to equity ratio (time)	0.7	0.8

Please be informed accordingly

Yours faithfully,

Ms. Jiraphan Thongtan  
Authorized Person to Disclose Information

\*Core net profit is net profit excludes share of profit of associates