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11 August 2016

Subject: Management's Discussion and Analysis (MD&A) and operating result for 3 months and 6 months ended 30 June 2016

Attention: President
The Stock Exchange of Thailand

Robinson Department Store Public Company Limited would like to clarify operating result of the Company and its subsidiaries for operating result for 3 months and 6 months ended 30 June 2016 as follow

Overall Thai Economy

The Thai economy continued to recover at a gradual pace despite facing greater downside risks from increased uncertainties in the global economy such as uncertainties following the British referendum (Brexit), concerns over the European financial sector, and etc. However the major driver of second quarter of Thai economy was public spending that grew much higher than expected due to accelerated purchases of goods and services and also tourism sector maintained its robust growth despite at a slower pace than the previous quarter due to seasonal impact. Private consumption improved as farm income registered a positive growth due to mainly to higher farm price after the drought conditions had alleviated and confidence picked up.

Key highlight for the second quarter of 2016

- In 2Q16, the Company had total income of Baht 7,049 million, increasing by 5.2% comparing to 2Q15 due to efficient management that contributed to overall growth of net sale from both existing and new stores in 2015 as well as higher rental income.
- In 2Q16, net profit amounted to Baht 609 million, increasing by 38.4% from 2Q15 due to the Company has transformed business since 2015 and continued to change product mix and controlled trade discount in other stores in a proper level and offered “every good value price” during non promotional period in order to meet customer demand as well as the efficient of expense management.
- At the end of 30 June 2016, the Company operated 42 branches in Thailand (Bangkok 11 branches, up-country 31 branches) and Vietnam 2 branches. Although, the Company didn't open any mall in first half, focus on renovate our existing malls to increase customers and sales while the second half, the Company plans to open 2 malls; one department store and lifestyle center.

Comparison performance of the Company for 3 months ended 30 June 2016

Unit : Million Baht

Consolidated financial statement	30-Jun-16	30-Jun-15	Increase (Decrease)	% Change
Revenue from Sale	6,092	5,860	233	4.0%
Investment income	729	622	107	17.1%
Other income	228	220	8	3.7%
Total income	7,049	6,702	347	5.2%
Cost of Sale of Goods	4,560	4,420	140	3.2%
Selling expenses	1,516	1,420	96	6.8%
Administrative expenses	318	300	18	6.0%
Financial costs	23	19	4	21.8%
Total expenses	6,418	6,159	259	4.2%
Share of profit of associates	147	93	54	57.9%
Profit before income tax expense	777	635	142	22.4%
Income tax expense	(125)	(150)*	26	17.1%
Net profit	609	440	169	38.4%
Core profit	463	347	115	33.2%

Core profit is net profit excludes share of profit of associates.

In 2Q15, the Company adjusted deferred tax of one subsidiary as the result of increasing income tax expense

Comparison performance of the Company for 6 months ended 30 June 2016

Unit : Million Baht

Consolidated financial statement	30-Jun-16	30-Jun-15	Increase (Decrease)	% Change
Revenue from Sale	12,487	11,896	591	5.0%
Investment income	1,445	1,245	200	16.1%
Other income	462	446	16	3.6%
Total income	14,394	13,587	808	5.9%
Cost of Sale of Goods	9,348	8,965	383	4.3%
Selling expenses	2,983	2,772	211	7.6%
Administrative expenses	615	577	38	6.5%
Financial costs	40	37	3	8.2%
Total expenses	12,986	12,351	635	5.1%
Share of profit of associates	269	211	58	27.6%
Profit before income tax expense	1,678	1,446	231	16.0%
Income tax expense	(283)	(293)*	10	3.5%
Net profit	1,295	1,054	241	22.9%
Core profit	1,027	844	183	21.7%

Core profit is net profit excludes share of profit of associates.

In 2Q15, the Company adjusted deferred tax of one subsidiary as the result of increasing income tax expense



Total Income

In 2Q16, the Company had total income of Baht 7,049 million, increasing by Baht 347 million or 5.2% from 2Q15. This can be summarized as follow;

- The revenue from sale was Baht 6,092 million, increasing by Baht 233 million or 4.0% from 2Q15. This was mainly from efficient management of sale in both existing store that continued to grow and new stores in 2015 for example Rayong, Srisaman, Burirum and Maesot branch. Furthermore, our marketing strategies and promotions that reached defined target groups in each stores in order to attract those target customers to regularly visit and spend at our shopping mall.
- The investment income was Baht 729 million, increasing by Baht 107 million or 17.1% from 2Q15. This was mainly from an increase in rental income from new lifestyle center in 2015.
- The other income was Baht 228 million, increasing by Baht 8 million or 3.7% from 2Q15 due to an increase in income related to rental areas in Lifestyle centers.

In 1H16, the Company had total income of Baht 14,394 million, increasing by Baht 808 million or 5.9% from 1H15. The revenue from sale was Baht 12,487 million, increasing by Baht 591 million or 5.0% from 1H15 and the investment income was Baht 1,445 million, increasing by Baht 200 million or 16.1% from 1H15 while other income was Baht 462 million, increasing by Baht 16 million or 3.6% from 1H15.

Cost of sales of goods

In 2Q16, cost of sales of goods amounted to Baht 4,560 million, increasing by Baht 140 million. The Cost of sales of goods accounted for 74.9% of net sales, decreasing by 0.5% from 2Q15. This was due mainly to the Company has changed product mix since 2015 and focus on signature categories such as health and beauty, unisex/Jean, kids product, home product and lingerie and offered “every good value price” and as well as increased revenue contribution from international brand and private brand. These would increase gross margin to 25.1% in 2Q16 or increasing by 0.5% compare to 2Q15.

In 1H16, cost of sales of goods amounted to Baht 9,348 million, increasing by Baht 383 million. The cost of sales of goods accounted for 74.9% of net sales, decreasing by 0.5% from 1H15 and gross margin was 25.1% or increasing by 0.5% compare to 1H15.

Selling and Administrative Expenses (SG&A)

In 2Q16, selling and administrative expenses amounted to Baht 1,834 million, increasing by Baht 114 million or 6.6% from 2Q15. This was mainly from expenses of new stores that opened in 2015, for example depreciation, personnel expense, and utilities expense. Nonetheless, the Company was able to efficiently control expenses of existing stores.

In 1H16, selling and administrative expenses amounted to Baht 3,598 million, increasing by Baht 249 million or 7.4% from 1H15.



Financial cost

In 2Q16, financial cost amounted to Baht 23 million, increasing by Baht 4 million or 21.8% from 2Q15.

In 1H16, financial cost amounted to Baht 40 million, increasing by Baht 3 million or 8.2% from 1H15.

Share of Profit of Associates

In 2Q16, the share of profit of associates was Baht 147 million, increasing by Baht 54 million or 57.9% from 2Q15. This was mainly from increasing sales during European Football Championship (UEFA Euro).

In 1H16, the share of profit of associates was Baht 269 million, increasing by Baht 58 million or 27.6% from 1H15.

Net Profit

In 2Q16, the net profit amounted to Baht 609 million, increasing by Baht 169 million or 38.4%. This was mainly due to continual growth of net sale, rental income and the efficient of expense management. However, the core net profit (net profit excluding share of profit of associates) totaled Baht 463 million, increasing by Baht 115 million or 33.2% from 2Q15.

In 1H16, the net profit amounted to Baht 1,295 million, increasing by Baht 241 million or 22.9%. However, the core net profit (net profit excluding share of profit of associates) totaled Baht 1,027 million, increasing by Baht 183 million or 21.7% from 1H15

Comparison statement of financial position as of 30 June 2016 and 31 December 2015

Unit : Million Baht

Financial position	30-Jun-16	31-Dec-15	Increase (Decrease)	% Change
Cash and Cash equivalents	1,462	2,082	(620)	(29.8%)
Current investment	35	35	0.2	0.6%
Other current assets	2,976	3,200	(224)	(7.0%)
Other non-current assets	20,483	20,743	(260)	(1.3%)
Total assets	24,956	26,059	(1,104)	(4.2%)
Total current liabilities	7,115	9,864	(2,749)	(27.9%)
Total non-current liabilities	3,244	1,744	1,500	86.0%
Total liabilities	10,359	11,608	(1,249)	(10.8%)
Total equities	14,597	14,451	146	1.0%
Total liabilities and equities	24,956	26,059	(1,104)	(4.2%)

The total assets amounted to Baht 24,956 million, decreasing by Baht 1,104 million or decreasing by 4.2% from the end of 2015. Total liabilities of Baht 10,359 million, decreasing by Baht 1,249 million or decreasing by 10.8% from the end of 2015 due to the Company paid product's orders in early of the year and also construction cost of the new



store. Total shareholders' equity of Baht 14,597 million, increasing by Baht 146 million or 1.0% due to the continual growth of financial performance.

Capital Structure

As of 30 June 2016, the Company's capital structure comprised of total liabilities of Baht 10,359 million and total shareholders' equity of Baht 14,597 million. Therefore, the Company had liability to equity ratio equal to 0.7 time, while the Company had net debt to equity ratio equal to 0.16 time.

Financial ratio

Key financial ratio	30-Jun-16	30-Jun-15
Gross profit margin (%)	25.1%	24.6%
Net profit margin (%)	10.4%	8.9%
Core profit margin (%)	8.2%	7.1%
Return on Equity (%)	18.4	16.9
Return on Asset (%)	13.3	13.2
Current ratio (Time)	0.5	0.4
Liability to Equity ratio (Time)	0.7	0.7

Please be informed accordingly

Yours faithfully,

Mr. Dissatat Wisetvara
Authorized Person to Disclose Information