



BorMorJor.115
 No.990/70/031/2017
 10 November 2017

Subject: Management's Discussion and Analysis for three months and nine months ended 30 September 2017

Attention: President
 The Stock Exchange of Thailand

Robinson Public Company Limited would like to clarify the operating results of the Company and its subsidiaries for three months and nine months ended 30 September 2017 as follows:

Key highlight in 3Q17

- **Net profit increased YoY**– In 3Q17, net profit amounted to Baht 611 million, increasing by 19.8 % from 3Q16 due to higher sales, rental income, other income, lower financial cost and income tax expense, coupled with efficient operating costs management.
- **Total income increased YoY**– In 3Q17, total income reported to Baht 7,502 million, increasing by 4.2% mainly from new stores and renovated stores, higher rental income from both existing and new stores coupled with occupancy rate of 99%. Currently we operated 44 stores nationwide (25 department stores and 19 lifestyle centers) and 2 stores in Vietnam.

Comparison consolidated financial statement for 3 months ended 30 September 2017 and 30 September 2016

Unit : Million Baht

Consolidated financial statement	3Q17	3Q16	Increase (Decrease)	% Change
Revenue from sale of goods	6,394	6,237	157	2.5%
Investment income	866	742	124	16.7%
Other income	242	219	23	10.6%
Total income	7,502	7,198	304	4.2%
Cost of sale of goods	4,848	4,720	128	2.7%
Selling expenses	1,619	1,576	43	2.7%
Administrative expenses	350	327	23	7.1%
Financial costs	19	23	(3)	(14.3%)
Total expenses	6,835	6,645	190	2.9%
Share of profit of associates	97	103	(6)	(5.9%)
Profit before income tax expense	764	656	108	16.4%
Income tax expense	121	111	(10)	(9.0%)
Net profit	611	510	101	19.8%



Financial performance in 3Q17

- **Total sales** — In 3Q17, total sales was Baht 6,394 million, increasing by Baht 157 million or 2.5% due to increased sale from new stores, renovated stores, ongoing implementation of product mix to cater customer demand. Those increase was in line with growth of overall economy which driven by export and also tourism while modest growth in private consumption.
- **Investment income**— In 3Q17, the total investment income was Baht 866 million, which increased by Baht 124 million or 16.7% from 3Q16. This is mainly from an increase in rental income from both existing and new lifestyle centers that opened in 2016 and 2017 and renovated stores such as Saraburi, Ratchaburi and etc while the average occupancy rate increased to 99% in 3Q17 from 98% in 2Q17.
- **Total income** — In 3Q17, the total revenue was Baht 7,502 million, which increased by Baht 304 million or 4.2% from 3Q16, mainly from an increase in total sale, rental income and other income.
- **Gross profit** — In 3Q17, gross profits from sales amounted to Baht 1,546 million, an increase of Baht 29 million. However gross profit margin was pressured due to the product transitioning period that reduced gross profit margins from 24.3% in 3Q16 to 24.2% in 3Q17
- **Selling and Administrative expense (SG&A)** — In 3Q17, selling and administrative expenses amounted to Baht 1,968 million, an increase of Baht 66 million or 3.4% from 3Q16. The increase can be attributed to expenses from new stores that opened in 2016 and 2017 as well as store expansion of international and private brands. However the Company was also able to efficiently control expenses of existing stores.
- **Financial costs** —In 3Q17, finance costs amounted to Baht 19 million, a decrease of Baht 3 million or 14.3% from 3Q16.
- **Shares of profit of associates**— In 3Q17, the shares of profit of associates was Baht 97 million, a decrease of Baht 6 million or 5.9% from 3Q16 (which derived from shared profit from Power buy Baht 32 million and Super sport Baht 65 million).
- **Income tax expense**—In 3Q17, income tax expense amounted to Baht 121 million, a decrease of 10 million baht or 9.0% from 3Q16.
- **Net profit**—In 3Q17, the net profit amounted to Baht 611 million, an increase of Baht 101 million or 19.8%. This was mainly due to higher total sale, rental income with occupancy rate of 99% and other income, efficient operating costs management coupled with lower financial cost and income tax expenses.

Comparison consolidated financial statement for 9 months ended 30 September 2017 and 2016

Unit : Million Baht

Consolidated financial statement	9M17	9M16	Increase (Decrease)	% Change
Revenue from sale of goods	18,686	18,725	(39)	(0.2%)
Investment income	2,480	2,187	293	13.4%
Other income	697	680	16	2.4%
Total income	21,862	21,592	270	1.3%
Cost of sale of goods	14,066	14,068	(1)	(0.0%)
Selling expenses	4,678	4,559	119	2.6%
Administrative expenses	1,031	942	90	9.5%
Financial costs	56	63	(7)	(11.0%)
Total expenses	19,831	19,631	200	1.0%
Share of profit of associates	374	372	2	0.5%
Profit before income tax expense	2,405	2,334	72	3.1%
Income tax expense	376	394	(18)	(4.5%)
Net profit	1,921	1,805	116	6.4%



Financial performance in 9M17

In 9M17, the total income was Baht 21,862 million or an increase of 1.3% from 9M16. The gross profit was Baht 4,620 million and gross profit margin was at 24.7%, a slight decline from last year due to product transition period. Selling and administrative expenses was Baht 5,709 million or an increase of 3.8% from 9M16. Our financial cost was Baht 56 million or a decrease of 11.0% from 9M16. Share profit of associated was Baht 374 million or increase 0.5% from 9M16. Income tax expense was Baht 376 million or a decrease of 4.5% from 9M16. Net profit was Baht 1,921 million or an increase of 6.4% from 9M16 due to higher rental incomes, contribution from associates as well as lower financial cost and income tax expenses.

Comparison financial position for 9 months ended 30 September 2017 and 31 December 2016

Unit : Million Baht

Financial position	9M17	FY2016	Increase (Decrease)	% Change
Cash and cash equivalents	1,531	2,219	(688)	(31.0%)
Current investments	4	35	(31)	(88.6%)
Other current assets	3,350	3,470	(120)	(3.4%)
Other non-current assets	21,624	21,277	348	1.6%
Total assets	26,509	27,001	(492)	(1.8%)
Total current liabilities	7,892	7,367	524	7.1%
Total non-current liabilities	1,940	3,437	(1,496)	(43.5%)
Total liabilities	9,832	10,804	(972)	(9.0%)
Total equities	16,677	16,197	480	3.0%
Total liabilities and equities	26,509	27,001	(492)	(1.8%)

In 9M17, total assets amounted to Baht 26,509 million, a decrease of Baht 492 million or 1.8% compared to the end of 2016. Total liabilities amounted to Baht 9,832 million, a decrease of Baht 972 million or 9.0% compared to the end of 2016 due to lower accounts payable and other payable. Shareholders' equity totaled Baht 16,677 million, an increase of Baht 480 million or 3.0%.

Capital Structure

As of 30 September 2017, the Company's capital structure comprised of total liabilities of Baht 9,832 million while the interest bearing debt was Baht 2,867 million. Total shareholders' equity totaled Baht 16,677 million. The Company had a liability to equity ratio of 0.6 times, while a net interest bearing debt to equity ratio was at 0.08 times.

Prospects for the future malls

Total sale growth momentum in 2017 remains challenging as consumer shopping behaviors will continue to shift and slow recovery of consumption. We will focus on efficient operating costs management, implement product mix to cater customers' demand and invest in growth initiatives that will help us to gain market share. In addition, property income still deliver strong sustainable growth for the Company. The store expansion plan is still on schedule, with hopes to opening three new stores in Thailand (One lifestyle center in Petchaburi in the first half, another in Kampaengphet, and a department store in Mahachai in the 4Q17). At the end of this year, we will have total forty-six stores Thailand and two stores in Vietnam. In 2018, the Company plans to open 2 lifestyle centers in Thailand.



Financial ratio

Key financial ratio	9M17	9M16
Gross profit margin (%)	24.7%	24.9%
Net profit margin (%)	8.8%	8.4%
Return on equity (%)	19.6%	18.7%
Return on asset (%)	14.3%	13.5%
Current ratio (Times)	0.6	0.7
Liability to Equity ratio (Times)	0.6	0.7

Yours faithfully,

A handwritten signature in blue ink, appearing to be 'Mr. Dissat'.

Mr. Dissat Wisetvara
Authorized Person to Disclose Information