



(Translation)

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Subject : Management's Discussion and Analysis (MD&A) and operating result for the year of end of 31 March 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 3 months ended 31 March 2016 and 2015 as follows:

#### **Overall Thai Economy for first quarter of 2016**

The economic momentum in the first quarter of 2016 slightly softened as still faced downward pressures from both external and internal factor. The value of merchandise exports continued to declined because of slowdown in China and Asean's economies and the contraction in export prices in line with global oil prices. Private consumption expanded at a slower pace after an acceleration in the previous quarter due to government stimulus package as well as declining in farm income due to the drought. However the tourism sector and public spending maintained their roles as major drivers of Thai economic growth.

#### **Key highlight for first quarter of 2016**

- Quarterly positive Same Store Sale Growth as second sequential improvement.
- In 1Q16, the Company had total income of Baht 7,346 million, increasing by 6.7 % comparing to 1Q15 due to continued growth of net sale from existing and new stores in 2015 as well as higher rental income from the new lifestyle centers
- In 1Q16, Net profit of Baht 742 million, increasing by 11.0% from 1Q15 due to the Company has transformed business since 2015 and continued to change product mix, 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 31 March 2016, the Company operated 42 branches in Thailand (Bangkok 11 branches, up-country 31 branches) and Vietnam 2 branches.



## Comparison performance of the Company between 1Q16 and 1Q15

Unit: Baht Million

	31 Mar 16	31 Mar 15	Increase (Decrease)	% Change
Revenue from Sale	6,395	6,036	359	5.9%
Investment income	717	623	94	15.1%
Other income	234	226	8	3.5%
<b>Total income</b>	<b>7,346</b>	<b>6,885</b>	<b>461</b>	<b>6.7%</b>
Cost of Sale of Goods	4,787	4,545	243	5.3%
Selling expenses	1,467	1,352	115	8.5%
Administrative expenses	297	277	20	7.1%
Financial costs	17	18	(1)	(6.4%)
<b>Total expenses</b>	<b>6,568</b>	<b>6,192</b>	<b>376</b>	<b>6.1%</b>
Share of profit of associates	122	118	4	3.8%
<b>Profit before income tax expense</b>	<b>900</b>	<b>811</b>	<b>89</b>	<b>11.0%</b>
Income tax expense	158	143	16	10.9%
<b>Profit of the year</b>	<b>742</b>	<b>669</b>	<b>73</b>	<b>11.0%</b>
Core profit	564	497	67	13.5%

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

### Total Income

In 1Q16, the Company had total income of Baht 7,346 million, increasing by Baht 461 million or 6.7% from 1Q15. This can be summarized as follow;

- The revenue from sale was Baht 6,395 million, increasing by Baht 359 million or 5.9% from 1Q15. This was mainly from sales of new stores in 2015 for example Rayong, Srisaman, Burirum and Maesot branch as well as sale of existing stores for example Rama 9, Jungceylon branch and etc
- The investment income was Baht 717 million, increasing by Baht 94 million or 15.1% from 1Q15 This was mainly due to an increase in the rental income from the new lifestyle centers in 2015.



- The other income was Baht 234 million, increasing by Baht 8 million or 3.5% from 1Q15. This was due to an increase in income related to rental areas in Lifestyle centers.

### **Cost of Sales of Goods**

In 1Q16, cost of sales of goods amounted to Baht 4,787 million, increasing by Baht 243 million. The Cost of sales of goods accounted for 74.9% of net sales, decreasing by 0.4% from 1Q15. This was due mainly to the Company has changed product mix and offered “every good value price” as well as increased revenue contribution from international brand. These would increase gross margin to 25.1% in 1Q16 or increasing by 0.4% compare to 1Q15

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

Selling and administrative expenses in 1Q16 totaled Baht 1,764 million, increasing by Baht 135 million or 8.3% from 1Q15. This was due mainly to 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.

### **Financial cost**

Financial cost in 1Q16 totaled Baht 17 million, decreasing by Baht 1 million or -6.4% from 1Q15.

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

The share of profit of associates in 1Q16 was Baht 122 million, increasing by Baht 4 million or 3.8.% from 1Q15. This was mainly due to an earnings growth from Power Buy Co., Ltd.

### **Net Profit**

The net profit in 1Q16 totaled Baht 742 million, increasing by Baht 73 million or 11.0% from 1Q15 with profit attributed to owners of the Company amounted to Baht 686 million. 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 564 million, increasing Baht 67 million or 13.5% from 1Q15.





## Comparison statement of financial position as of 31 March 2016 and 31 December 2015

Unit: Baht Million

	31 Mar 16	31 Dec 15	Increase (Decrease)	% Change
Cash and Cash equivalents	1,851	2,082	(231)	(11.1%)
Current investment	35	35	0	0.3%
Other current assets	3,089	3,199	(110)	(3.4%)
Other non-current assets	20,527	20,743	(215)	(1.0%)
<b>Total assets</b>	<b>25,502</b>	<b>26,059</b>	<b>(557)</b>	<b>(2.1%)</b>
Total current liabilities	8,572	9,864	(1,293)	(13.1%)
Total non-current liabilities	1,742	1,744	(2)	(0.1%)
<b>Total liabilities</b>	<b>10,314</b>	<b>11,608</b>	<b>(1,295)</b>	<b>(11.2%)</b>
Total equity	15,188	14,451	737	5.1%
<b>Total liabilities and equity</b>	<b>25,502</b>	<b>26,059</b>	<b>(557)</b>	<b>(2.1%)</b>

### Total assets

The total assets amounted to Baht 25,502 million, decreasing by Baht 557 million or -2.1% from last year.

### Total liabilities and shareholders' equity

The total liabilities amounted to Baht 10,314 million, decreasing by Baht 1,295 million or -11.2% from last year due to the Company paid product's orders and also construction cost of the new store that opened in 2015. In addition, the shareholders' equity amounted to Baht 15,188 million, increasing by Baht 737 million or 5.1% from last year due to the continual growth of financial performance.

### Capital Structure

As of 31 March 2016, the Company's capital structure comprised of total liabilities of Baht 10,314 million and total shareholders' equity of Baht 15,188 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 0.1 time.



### Financial ratio

	31 Mar 16	31 Mar 15
Gross profit margin (%)	25.1%	24.7%
Net profit margin (%)	10.7%	10.2%
Core profit margin (%)	8.8%	8.2%
Return on Equity (%)	16.4%	15.2%
Return on Asset (%)	9.8%	9.6%
Current ratio (Time)	0.6	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