

Earning Release FY 2017

The Vice President, Accounting and Finance Division, disclosed that the Company's performance in 2017, based on the Thai economic situation for the year, posted growth of approximately 3.50 percent due to substantive expansion of exports. The simultaneous recovery of the major economies of the United States, European Union and Japan for the first time in many years resulted in continuing growth of Thailand's exports by 8.90 percent in the first 8 months of the year, led by agricultural goods, food products and beverages, as well as electronic parts. Tourism sector was also promising with higher numbers of foreign tourists visiting Thailand compared to the previous year. However, the purchasing power of Thai households did not seem to improve in parallel with the higher purchasing power from overseas. Even though spending among high income earners seemed to rise, as reflected by impressive growth in the purchase of such durable goods as automobiles, spending among middle to low income earners remained sluggish as seen from the decline in spending on essential products such as food and beverages, in line with the contraction of income in the agricultural sector, resulting in Thai households' tendency to refrain from increasing their debt as they already have high levels of household debt. In addition, there have been some modification measures to control credit card and personal loan credit lines, effective from Q3 of 2017.

From the slight increase in economic growth, higher domestic competition and the rapidly changing trend of consumers' behavior, the Company has found it necessary to accelerate its own adaptation and expand into other sales channels, especially online sales, by allocating a budget for marketing expenditure which includes research into consumer behavior and preference, outreach campaign to new clients, production of advertising media for the Company's various products, organizing sales promotion activities, as well as acceleration of inventory reduction.

In 2017, the Company and its subsidiaries had sales revenue of THB 12,446.98 million, a decrease of THB 168.40 million or 1.33 percent from 2016. Net profit stood at THB 846.99 million, down by THB 90.33 million or 9.53 percent from 2016 while selling cost was THB 7,861.12 million, an increase of THB 10.12 million or equivalent to 0.13 percent from 2016. Meanwhile, selling and administrative expenses amounted to THB 4,690.11 million, up by THB 107.77 million or 2.35 percent from 2016. The decline in net profit was due to the rise in the marketing expenditure budget for the purpose of raising consumer awareness, expansion of sales counters and organizing more sales promotion activities, including accelerated release of slow-selling goods. All of these factors contributed to the decrease in the Company's net profit.

Due to the rapid and drastic development in digital and IT systems with the advent of Thailand 4.0, bringing about modified consumer purchasing behavior from shopping in stores and malls to shopping online using social media and mobile applications, encompassing multiple and more diverse sales channels, commonly

known as Omni Channel, in order to create competitive advantage, increase management and production efficiency as well as providing accurate and timely response to consumers' requirements.

Consequently, in the previous year, the Company has developed and invested in the new Enterprise Resource Planning (ERP) by introducing the Oracle E-Business Version R12 to optimize management of the accounting, procurement, cost, inventory and sale systems that automatically link together under accepted standards, rendering higher efficiency, time-saving and less complicated performance including systematic monitoring and follow-up of the whole process.

At the same time, in order to increase diversity of sales channels and meet individual requirements of customers on the one-to-one basis, the Company has developed the application on mobile phones called 'ICCAPP' which supports the operation of mobile phones both IOS and Android systems in order to create the optimum value to the customers by connecting the on-line customers' participation to the offline sale whereby the customers will gain new experience with the products, brands and sale promotion activities of the Company. In that connection, the customers can access and gain value-added offers such as sale promotion programs, news of the products and various brands available at sale outlets nationwide. The customers can collect points from their participation in activities, purchase of products, and get complimentary gifts, discount, news and other values from the Company as well as conveniently and rapidly share their favorite activities information to other customers and people.

The Company continues to focus on creating online sales channels which provide rapid service and shopping value via the website www.ethailandbest.com available for quick and convenient use on mobile apparatus and readily linking purchase orders to the warehouse and logistics. Moreover, advice and information are available through our Call Center Service aimed at providing lasting impression and customer satisfaction. In addition, the Company has created a trade alliance by becoming a Web Partner with LAZADA as part of the expansion of our online sales channels to a broader customer base which has resulted in the Company gaining a lot more new customers.