

## Earning Release FY 2018

The Vice President, Accounting and Finance Division, disclosed that Thailand's economic growth stood at approximately 4.3% in 2018, mainly due to tourism and export as the driving force. Investors were concerned about tension between the USA and Russia over Syria, the trade war between the US and China, including economic sanctions imposed by the US on Iran resulting in rising global oil prices. These factors caused global concern that such negative factors would obstruct and slow down the expansion of the global economy than earlier expected. Even though domestic consumption has risen compared with the previous year, with significant support from spending of high-income consumers, reflected in the total sales volume of durable goods especially passenger cars with rapid growth in the beginning of this year, consumer spending among low-income groups did not increase as evident from higher unemployment, less overtime work and depressed prices of agricultural goods together with high household debt, resulting in lower household purchasing power. The business sector which relies mainly on domestic consumption are faced with slightly rising growth, but limited to goods which depend on high-income consumers.

In 2018, the Company and its subsidiaries had total sales revenue of THB 12,349.63 million, decreasing by THB 97.35 million or 0.78% compared with 2017, net profit of THB 934.02 million, increasing by THB 87.03 million or 10.28% compared with 2017, cost of sales of THB 7,838.88 million, decreasing by THB 24.05 million or 0.31% compared 2017 and sales and administration expenses of THB 4,527.42 million, decreasing by THB 160.88 million or 3.43% compared with 2017. The Company had increasing net profit due to the fact that in the previous year, the Company increased marketing expenses in creating brand recognition among new customers which rendered continuous positive impacts this year, resulting in lower marketing expenses, lower cost for arranging marketing activities and lower personnel cost from the decline in the number of personnel and the Company's policy to only recruit additional staff in necessary cases, which resulted in increasing net profit.

Based on current competition through the application of technology, not only competition in terms of difference of goods and services, but also creating difference and understanding in customer experience which impact on brand value and communication power via internet, whether using online social media or other websites.

Consequently, in the previous year, the Company has developed the upgrading of API (the Application Programming Interface) with various systems, receiving of purchase orders from business alliances, e-Commerce and TV Shopping, namely Lazada, Shopee, etc., including developing links to government agencies, i.e. the Customs Department, all of which facilitate duties and tariffs payment of products imported from other countries which result in more rapid distribution of the products to outlets; while connecting with the e-Payment system lessens cash payments whether to staff members and business alliances and simultaneously

upgrading payments made between financial institutions in the capacity of business alliances as well as promoting new payment modes through payment gateways such as Alipay, Samsung Pay. Additionally, the Company has upgraded e-Wallet and customer relationship management (CRM) in collaboration with its alliances, namely Rabbit Reward/Line Pay in order to enhance fast and convenient purchases of customers.

For the purpose of business sustainability, the Company has applied His & Her Plus Point Membership as the key in rendering services and communication with customers on the one-to-one marketing basis. In this connection, mechanisms for directly linking products, services and transmitting value to the customers have been developed through LINE Business Connect enabling customers to access news, products, services rendered by the Saha Group as a whole solely at their fingertips everywhere and every time on the customers' own LINE accounts to provide customers with convenience and quick access to privileges, participation in activities including discounts of products.

The Company focuses on strengthening the quality, precision and rapidity of responding and communicating with customers whilst reducing costs of work and marketing as a whole with the aim of effective timely response to customer demand and achieving sustainable competitive advantage.