

TACC-009/2020

May 14, 2020

Subject: Management Discussion and Analysis for the First Quarter ended March 31, 2020

To: Managing Director
The Stock Exchange of Thailand

T.A.C. Consumer Public Company Limited ("the company") would like to clarify the operating results for the first quarter ended March 31, 2020 as follows:

Revenues

Sales

In the 1st quarter of 2020, the company achieved a revenue of 328.16 million baht. This had a decrease of 24.83 million baht (7.04%) from the 1st quarter of 2019 (352.99 million baht), due to COVID-19, that impact economics and consumer confidence. However the company have growth revenue from (A) increase in number of outlets of All Café (a fresh coffee corner within the 7-Eleven store) where the non – coffee products and series of new seasonal flavors were sold and, (B) increase in Co-develop new products B2B.

Other income

In the 1st quarter of 2020, the company had other income of 6.00 million baht. This was increased by 251.01% from the 1st quarter of 2019 (1.71 million baht), due to unrealised gain on exchange rate of investments (Other income came from unrealized gain on exchange rate and interest income).



Cost of Sales

In the 1st quarter of 2020, the company incurred 217.99 million baht in cost of goods sold (66.43% of sales) or 33.57% gross margin. Comparing to the last year's 1st quarter, the company incurred 248.56 million baht in cost of sales (70.41% of sales) or 29.59% gross margin. The gross margin decrease was due to increasing in portion sale of products mix from the company have developed cost of products. So the gross margin was more than 1st quarter 2019.

Selling Expenses

In the 1st quarter of 2020, the company incurred 41.75 million baht in selling expenses. Mainly selling expenses came from sales promotions, and advertising. However, if it was compared with total revenues, the company had the proportion 12.49% of total revenues in 1st quarter 2020 ,while 1st quarter 2019 was 12.06% of total revenues.

Administrative Expenses

In the 1st quarter of 2020, the company incurred 20.83 million baht in administrative expense. Mainly came from the employee expenditure and administration operation expenses.

Finance Costs

In the 1st quarter of 2020, the company derived an increase in the finance cost of 211.43%, from 0.09 million baht in the 1st quarter of 2019 to 0.29 million baht this quarter, as a result of a deferred interest for a financial lease.

Net Profit

In the 1st quarter of 2020, the company's net profit was 42.64 million baht (12.76% of sales), which increased by 6.80 million baht (18.99%) from the previous year (35.83 million baht or 10.10% of sales). The increase in net profit was driven by the increase of gross margin in portion sale of products mix from developed costing and operation efficiency.



Business Plan 2020

The company sets the 2020 target to grow around 5-10% VS previous year, whenever the COVID-19 can control and the good economic growth for consumer confidence. The growth strategic would be derived mainly from launches of new products in the high growth and potential markets and Co-develop with value creation to the other portfolio.

Sincerely yours,



Mr. Chatchawe Vatanasuk

Chairman of the Executive Committee

T.A.C. Consumer Public Company Limited

