

TACC-010/2016

May 12, 2016

Subject: Management Discussion and Analysis for the First Quarter ended March 31, 2016

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, 2016 as follows:

Sales

In the 1st quarter of 2016, the company achieved a revenue of 283.22 million baht. This had an increase of 61.20 million baht (27.56%) from 1st quarter of 2015 (222.02 million baht), due to the following reasons:

- 1) The company achieved 44.99 million baht (21.55%) increase from domestic sales, from 208.72 million baht for the 1st quarter of 2015 to 253.71 million baht for the 1st quarter of 2016. This growth was due to the market coverage expansion and new products launched which suitably welcomed the summer season.
- 2) The company achieved 16.21 million baht (121.88%) increase from international sales, from 13.30 million baht for the 1st quarter of 2015 to 29.51 million baht for the 1st quarter of 2016. This growth has been derived by dissolving distribution problem since August 2015.

Cost of Sales

In the 1st quarter of 2016, the company incurred expense of 196.19 million baht in cost of goods sold (69.27% of sales) deriving 30.73% gross margin. For the 1st quarter last year, the company incurred expense of 157.80 million baht in cost of sales (71.07% of sales) or 28.93% gross margin. The company was able to achieve an improved percentage of margin, due to the company focuses on selling more of the products which deliver a higher gross margin.

Selling Expenses

In the 1st quarter of 2016, the company incurred an increase in selling expense by 22.93%, from 32.63 million baht for the 1st quarter of 2015 to 40.11 million baht for the 1st quarter of 2016. This increase was due to an increase in spending on advertisement for new hot drink in a dispensing machine as well as the existing products. However, if compare selling expenses to sales, the company was able to reduce the spending proportion by 0.52%. From 14.62% in 1st quarter of 2015 to 14.10% in the same period this year.

Administrative Expenses

In the 1st quarter of 2016, the company incurred an increase in administrative expense by 51.28%, from 11.73 million baht for the 1st quarter of 2015 to 17.74 million baht for the 1st quarter of 2016. This increase derived from the employee head counts increased, and investment in improvement of an online corporate system to support the future business expansion.

Finance Costs

In the 1st quarter of 2016, the company derived a decrease in finance cost of 64.99%, from 0.42 million baht in the 1st quarter of 2015 to 0.15 million baht this year. This was due to the company received a higher cash flow-in from its operating activities. Consequently, nowadays the company does not have any bank overdrafts and repaid all long term loans to financial institutes.

Net Profit

In the 1st quarter of 2016, the company achieved 7.57 million baht increase in net profit, from 16.35 million baht (7.33 % of sale) for the 1st quarter of 2015 to 23.92 million baht (8.41 % of sale) for the 1st quarter of 2016. The increase of the net profit was achieved mainly due to the focus on sales of high margin products.

Sincerely yours,



Mr. Chanit Suwanparin

Managing Director

T.A.C. Consumer Public Company Limited