

TACC-005/2017

February 23, 2017

Subject: Management Discussion and Analysis for the year ended December 31, 2016

To: President

The Stock Exchange of Thailand

T.A.C. Consumer Public Company Limited ("the company") would like to clarify the operating results for the year ended December 31, 2016 as follows:

Sales

In 2016, the sales revenue of the company was 1,177.02 million baht, increased by 17.18% from 2015 when the sales was 1,004.44 million baht due to

1) The company had domestic sales valued 1,069.58 million baht, increased by 15.39% from the prior year when the amount was 926.96 million baht. This growth was due to the market coverage expansion of (A) cold dispenser, (B) non-coffee products in All Café (a fresh coffee corner within the 7-Eleven store) and (C) Hot drink products in Vending Machine (D) a new product "Japanese Style Donut Original Flavor" under "A Smile" brand being launched in October 2016. In addition, (E) the licensed products in a Cosmetic group using Sanrio's cartoon characters have also been launched exclusively in 7-Eleven in September 2016.

2) The company had export sales valued 107.44 million baht, increased by 38.66% from the prior year when the amount was 77.48 million baht. This was because the company has widened its distribution of RTD green tea "Zenya" in schools and universities in Cambodia besides dissolving a distribution problem since August 2015.

Other income

In 2016, the other income were 6.92 million baht, increased by 260.33 % from the previous year being reported at 1.92 million baht. . This was due to the company received income from interest income and gain on investment.

Cost of Sales

In 2016, the company had the cost of sales increase 17.69% in the same way of sale, that have valued 819.75 million baht (69.65% of sale) or 30.35% gross margin, while in 2015, the company had the cost of sales valued 696.51 million baht (69.34% of sale) or 30.66% gross margin. The gross margin slightly decreased due to in quarter 4th, the company sold the new product Japanese style donut, which its average of gross margin was lower than other products.

Selling Expenses

In 2016, the selling expenses were 166.08 million baht, increased by 2.33 % from the previous year being reported at 162.30 million baht. This increase derived from the additional head counts of employees as business expansion. However, the company have controlled selling expenses, advertising and promotion expense in budget.

Administrative Expenses

In 2016, the company had administrative expenses of 70.52 million baht increased by 17.52 % from the previous year when there were 60.00 million baht. This increase derived from the additional head counts of employees and investment in an online corporate system to improve and support the future business expansion.

Finance Costs

In 2016, the company had finance cost valued 0.68 million baht, decreased by 48.10 % from the previous year being recorded at 1.32 million baht. This was because the company had higher cash flow-in from normal operation. Consequently, at present, the company does not have bank overdrafts and also repays long term loan to financial institutes.

Net Profit

In 2016, the company's net profit was 101.83 million baht (8.60 % of sale) increased by 33.88 million baht (49.86%) from the previous year (67.95 million baht or 6.75% of sale). The increase in net profit was driven by (a) the increasing of gross margin from higher sale and (b) the controlling expense in budget.

Business Plan 2017

The company expects the target of sales in 2017 grow between 10-15 % and more from the previous year. Both revenue growth are Product group which the Company jointly developed with its business partner (Business to Business : B2B) and Product Group Distribute Under the Company Brand (Business to Customer : B2C). Furthermore the revenue growth from existing products and the new products of the company.

Sincerely yours,



Mr. Chanit Suwanparin

Managing Director

T.A.C. Consumer Public Company Limited