

TACC-002/2018

February 22, 2018

Subject: Management Discussion and Analysis for the year ended December 31, 2017

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, 2017 as follows:

Sales

In 2017, the sales revenue of the company was 1,281.69 million baht, increased by 8.89 % from 2016 when the sales was 1,177.02 million baht. This is because

- 1) The company had domestic sales valued 1,182.87 million baht, increased by 10.59% from the prior year when the amount was 1,069.58 million baht. This growth was derived from (A) cold drinks in dispenser group offering varieties of seasonal flavors, namely: Green tea - Honey lemon flavor, Green tea – orange Yusu, Olieng and Hershey's Milk Chocolate, (B) new series of seasonal products provided to All Café' (a fresh coffee corner within the 7-Eleven store), (C) increase in the number of machines installation for Hot Beverage dispenser group, (D) the launch of "Snowy Twist Donut" branded "A Smile" in August 2017, and (E) Ready to Drink (R-T-D) Mocktail Drinks in March 2017 and Sauce Dip in November 2017.
- 2) The company had export sales valued 98.83 million baht, decreased by 8.01% from the prior year when the amount was 107.44 million baht. The reason came from an aggressive promotion of key competitors leading to Price War in the Green Tea market.

Other income

In 2017, the other income were 7.79 million baht, increased by 12.53 % from the previous year being reported at 6.92 million baht. This was due to the company received income from gain on short term of investment, interest income and other income from compensation.

Cost of Sales

In 2017, the company had the cost of sales increase 9.10% in the same way of sale, that have valued 894.33 million baht (69.78% of sale) or 30.22% gross margin, while in 2016, the company had the cost of sales valued 819.75 million baht (69.65 % of sale) or 30.35% gross margin.

Selling Expenses

In 2017, the selling expenses were 190.05 million baht, increased by 14.44 % from the previous year being reported at 166.08 million baht. This increase derived from (A) the additional head counts of employees as business expansion and (B) the increasing of depreciation of The Hot dispensers that be installed completed increasing and (C) Finally came from sale promotion and advertising for the new product and Green tea market.

Administrative Expenses

In 2017, the company had administrative expenses of 64.78 million baht decreased by 8.14 % from the previous year when there were 70.52 million baht.

Finance Costs

In 2017, the company had finance cost valued 0.30 million baht, decreased by 56.32 % from the previous year being recorded at 0.68 million baht. This was due to deferred interest that the company paid some of financial lease in 2016.

Net Profit

In 2017, the company's net profit was 112.47 million baht (8.72 % of sale) increased by 10.64 million baht (10.45%) from the previous year (101.83 million baht or 8.60% of sale). The increase in net profit was driven by the increasing of gross margin from higher sale.

Business Plan 2018

The company sets the 2018 target to grow at least 10 % and more .The growth would be from two business groups, Business-to-Business and Business-to-Consumers.

Sincerely yours,



Mr. Chanit Suwanparin

Managing Director

T.A.C. Consumer Public Company Limited