

TCC 17/2017

August 14, 2017

Subject: The Explanation for the Change in Operating Results for the 3-Month Period Ended June 30, 2017 ("Q2'17") by More than 20% Compared to the Same Period of Previous Year

To: Directors and Managers  
The Stock Exchange of Thailand

THAI CAPITAL CORPORATION PUBLIC COMPANY LIMITED and its subsidiaries ("TCC") would like to report our consolidated operating results for Q2'17as follows:

TCC had net loss for Q2'17 of Baht 17.4 million or 8.8% of total revenues, compared to the previous year net profit of Baht 1.3 million, due to the major factors including loss operating result of NYC-Thai BD Co., Ltd, a company operating ice cream business under Emack and Bolio's brand and expenses for wholesale market business which is new business of TCC.

TCC has 3 businesses include sale of coal and steel, sale of ice cream and market business which operating result in Q2'17 of each business was as follows:

TCC had revenue from sale of coal and steel of Q2'17of Baht 191.9 million increasing from previous year by Baht 8.5 million or 4.4% largely due to an increase in coal market compared to previous year. However, the gross margin of coal and steel business for Q2'17 decreased due to high competition in domestic market especially in pricing (12.8% vs 18.0%). Revenue from sale of coal shall significantly increase in Q3 and Q4 mainly due to sales order of a key customer.

Selling expenses of coal and steel business amounting to Baht 16.6 million, decreasing from previous year by Baht 4.1 million or 19.8%. When compared to revenue from sales, selling expenses for Q2'17 were 8.7% which were lower as compared to 11.3% for Q2'16. Administrative expenses of holding company and coal and steel business amounting to Baht 19.3 million increasing from previous year by Baht 7.7 million or 66.4%. Significant expense which increase from expenses related to expenses for wholesale market project and Extraordinary general shareholders meeting

Company had tax expense for Q2'17 of Baht 0.2 million.

TCC had revenue from sales of ice cream business under Emack and Bolio's brandof Baht 4.7 million. The gross margin of ice cream business was 52.8%.

Selling expenses of ice cream business of Baht 4.0 million. Main selling expenses are shop rental and utilities and marketing expenses which are fixed cost expense.

Administrative expenses of ice cream business Baht 3.0 million.

Administrative expenses of market business Baht 2.3 million.

Please be informed accordingly,

Yours Faithfully,

(Mr.Kamphol Patana-anukul)  
Chief Financial Officer