

TCC 21/2017

November 14, 2017

Subject: The Explanation for the Change in Operating Results for the 3-Month Period Ended September 30, 2017 ("Q3'17") 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 Q3'17as follows:

TCC had net profit for Q3'17 of Baht 0.2 million or 0.04% of total revenues, compared to the previous year net loss of Baht 2.6 million. The major factors of an increase in net profit included an increase in revenue from current investment and a decrease in net loss of NYC-Thai BD Co., Ltd, a company operating ice cream business under Emack and Bolio's brand.

TCC currently has 2 businesses including coal and steel, and ice cream. The result of operations of Q3'17 of each business was as follows:

TCC had revenue from sale of coal and steel of Q3'17of Baht 446.8 million increasing from previous year by Baht 199.7 million or 80.8% largely due to its marketing strategy. However, the gross margin of coal and steel business for Q3'17 decreased due to high competition in domestic market especially in pricing (6.3% vs 14.5%).

Selling expenses of coal and steel business amounting to Baht 17.7 million, decreasing from previous year by Baht 6.0 million or 25.3%. When compared to revenue from sales, selling expenses for Q3'17 were 4.0% which were lower as compared to 9.6% for Q3'16 mainly from transportation expense. Administrative expenses of holding company and coal and steel business amounting to Baht 12.8 million increasing from previous year by Baht 3.3 million or 34.7% with the significant increase being expenses related to a transfer of assets from TCC to its subsidiary that operates coal and steel business. Tax expense of coal and steel business for Q3'17 of Baht 0.2 million.

TCC had revenue from sales of ice cream business of Baht 4.5 million, decreasing from previous year by Baht 1.6 million. The gross margin of ice cream business was 47.8%, decreasing from 58% of previous year. Selling expenses of ice cream business was Baht 3.4 million (mainly selling expenses are shop rental and utilities and marketing expenses which are fixed cost expense), decreasing from previous year by Baht 0.5 million. Administrative expenses of ice cream business was Baht 1.9 million, decreasing from previous year by Baht 1.1 million.

TCC had other revenue in Q3'17 of Baht 7.7 million, mainly contributed by revenue from current investment, increasing from previous year by Baht 6.5 million.

Please be informed accordingly,

Yours Faithfully,

(Mr.Kamphol Patana-anukul)  
Chief Financial Officer