

May14, 2018

Subject: The Explanation for the Change in Operating Results for the 3-Month Period Ended March 31, 2018 ("Q1'18") 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 Q1'18 as follows:

TCC has 3 businesses; coal trading, ice cream, and wholesale agricultural market which will start operation in the beginning of 2019. TCC had net profit for Q1'18 of Baht 4.4 million or 1.2% of total revenues, compared to the previous year with net loss of Baht 15.9 million. The operating result of each business is as follows:

TCC had revenue from sale of coal and steel of Q1'18 of Baht 355.5 million, increasing from previous year by Baht 116.9 million or 49% largely due to change in marketing strategy. However, the gross margin of coal and steel business for Q1'18 decreased due to high competition in domestic market especially in pricing (11.2% vs 12.1%). Selling expenses of coal and steel business amounting to Baht 17.3 million decreasing from previous year by Baht 2.3 million or 11.7%. When compared to revenue from sales, selling expenses for Q1'18 were 4.9% which were lower as compared to 8.2% for Q1'17.

TCC had revenue from sales of ice cream business under Emack and Bolio's brand of Baht 2.5 million, decreasing from previous year by Baht 2.6 million or 51%. The gross margin of ice cream business was 44.6%, decreasing from previous year of 57%. Selling expenses of ice cream business of Baht 2.3 million, decreasing from previous year by Baht 2.8 million or 54.9%.

Administrative expenses amounted to Baht 14.1 million, decreasing from previous year by Baht 9.68 million or 40.64% with a major factor being expenses associated with a setup of wholesale agricultural market in 2017 which did not incur in 2018.

Company had tax expense for Q1'18 of Baht 4 million.

Please be informed accordingly,

Yours Faithfully,

(Mr. Kamphol Patana-anukul)  
Chief Financial Officer