

Ref no: FC201805/02

Date: May 14, 2018

Subject: Management Discussion and Analysis - Explanation of net profit (loss) for the three-month period ended March 31, 2018.

To: The President of Stock Exchange of Thailand

Food Capitals Public Company Limited would like to notify the operating performance to the Stock Exchange of Thailand as follows:

For the three-month period ended March 31, 2018, the Company reported net loss attributable to the equity holders of the Company of Baht 149.8 million, increased by Baht 55.8 million or 59% compared to prior period which there was a net loss of Baht 94.0 million.

The main variances are as follows:

1. Revenue from sales and services for the three-month period ended March 31, 2018 was Baht 191.2 million, increased by Baht 43.8 million, or 30%, compared to Baht 147.4 million from the prior year. Revenue can breakdown by business segment as follows:

Revenues by business segment	Q1/2018 (Million Baht)	Q1/2017 (Million Baht)	Change (Million Baht)	Change (%)
Food & beverages	189.5	145.1	44.4	30%
Consultant services	1.7	2.3	(0.6)	(26%)
Total	191.2	147.4	43.8	29%

Revenue from food and beverage business increased by Baht 44.4 million, or 30% compare to prior period, mainly came from the following reasons:

- Revenues from life style restaurants increased by Baht 21 million, mainly due to revenue from G Enterprise & Co Co., Ltd. ("G Enterprise") which the Company commenced revenue consolidation from such subsidiary for one month in the first quarter of 2017, as resulted from the business acquisition complete in March 2017. The Group's revenue derived from G Enterprise increase by 182.6% from the same period of last year.
- Revenues from Quick Service Restaurants increased by Baht 24 million mainly from revenue derived from Domino's Pizza brand which revenue increased by 51% from the same period of last year.

2. Cost of sales for the current period was Baht 76.1 million, or 40.1% of sales, compared to cost of sales of the prior period of Baht 55.3 million, or 38.1% of sales. Cost percentage to sales increase by 2.0%, due to various intensive sales and marketing promotional campaign during the current period, especially Domino's Pizza's promotional campaign.



3. Selling expense for the current period are Bath 140.5 million which increased of Baht 16.1 million or 13% compared to prior period. The increase in Selling expenses are mainly from the acquisition of G Enterprise which commenced include in the consolidation financial statement since March 2017.

4. Administrative expenses for the current period are Baht 130 million, an increase of Baht 61 million or 89%, compared to Baht 69 million of prior period, mainly resulted from the recognition of impairment loss on goodwill of Baht 76.8 million recorded in the current period which these transactions are non-cash losses and non-recurring.

Please be informed accordingly.

Yours Sincerely,

(Ms. Naravadee Waravanitcha)
Chief Executive Officer