



21 February 2018

Re: Report on the operating results for the year ended December 31st, 2017 and changes in the operating result of more than 20% from the same period of the previous year

To: President of the Stock Exchange of Thailand

COM7 Public Company (Limited) would like to clarify the operating results for the year of 2017 as follows;

Overview

The operating results of COM7 Public Company Limited (Company) and its subsidiaries, according to consolidated financial statement of FY2017 compared with the operating results for the FY2016, are as follows;

- Total revenue in FY2017 equaled to THB 22,584.3 million, increased by 31.4%
- Gross profit in FY2017 equaled to THB 3,049.7 million, increased by 30.0%
- Selling expenses in FY2017 equaled to THB 1,869.7 million, increased by 21.7%
- Administrative expenses in FY2017 equaled to THB 430.8million, increased by 29.6 %
- Profit (loss) owners of the parent in FY2017 equaled to THB 608.8 million, increased by 49.8%

Statement of Comprehensive Income (Consolidated)

	2017		2016		YoY%
	THB million	%	THB million	%	
Revenue from sales and services	22,531.2	99.7	17,136.3	99.7	31.5
Cost of sales and services	19,481.5	86.3	14,789.6	86.1	31.7
Gross profit	3,049.7	13.4	2,346.7	13.6	30.0
Net gain (loss) from exchange rate	7.2	0.0	3.3	0.0	118.2
Other income	31.1	0.2	44.9	0.3	(30.7)
Share of profit of a joint venture	14.8	0.1	0.0	0.0	100.0
Total revenue	22,584.3	100.0	17,184.5	100.0	31.4
Selling expenses	1,869.7	8.3	1,536.1	8.9	21.7
Administrative expenses	430.8	1.8	332.3	1.9	29.6
EBIT	802.3	3.6	526.5	3.1	52.4
Finance costs	44.0	0.2	21.4	0.1	105.6
EBT	758.3	3.4	505.1	3.0	50.1
Income tax expense	149.6	0.7	100.0	0.6	49.6
Net profit (loss)	608.7	2.7	405.1	2.4	50.3
Profit (loss) owners of the parent	608.8	2.7	406.5	2.4	49.8



Revenue

The total revenue of 2017 equaled THB 22,584.3 million, increased from FY2016 in the amount of THB 5,399.8 million, or 31.4%. Smartphone continued to show impressive growth in sales' contribution especially in 4Q2017, which was our best quarter. Mostly due to new products launches such as the new iPhone X, iPhone 8, Samsung Galaxy Note 8, etc.

Revenue structure by segment (Consolidated)

Segment information	2017		2016		Compared
	THB million	%	THB million	%	YoY%
IT	4,821.7	21.3	4,278.4	24.9	12.7
Mobile	13,691.6	60.6	9,735.1	56.7	40.6
Service	760.3	3.4	356.8	2	113.1
Other	3,257.6	14.4	2,766.0	16.1	17.8
Revenue from sales and services	22,531.2	99.8	17,136.3	99.7	31.5
Net gain from exchange rate and other income	53.1	0.2	48.2	0.3	-29.2
Total revenue	22,854.3	100	17,184.5	100.0	31.2

The key factors are

1. The consumers had positive responses to the new Smartphone launches in 4Q2017 such as the new iPhone X, iPhone 8, Samsung Galaxy Note 8, etc
2. The company started to source directly from more brands such as Huawei that company order since Q4'2017. The company can provide appropriate stock to increase sale and profit.
3. The partnership with TRUE has allowed the company to compete in the market more competitively. The company can now offer device discount using the subsidy from the operator. The customers were satisfied with this scheme as they could register a new phone number and get discount on their device purchases.
4. The government campaign to boost spending in 4Q2017 continued to support the growth in sales, especially when it started at the same time of new Smartphone launches.
5. The company continued to expand both the company's own multi-brand shops and brand shops, and has the total of 368 shops as of Dec 2017
6. Channel B2B still continuous growth in 2017. The education is focused for teenagers and student and including groups of institutions. To strengthen the brand and expand the market to another segments.
7. BKK shop is improved by increasing SKU and adequate stock with the demand.
8. The company realized the growth potential of the e-commerce market and has utilized and integrated into the operation.
9. The company carefully planned the product management especially in the best-selling months, or holiday.

**COM7 PUBLIC COMPANY LIMITED**

549/1 SANPHAUUT RD., BANGNA TAI, BANGNA,
BANGKOK 10260

**TEL +66 2017 7777****FAX +66 2017-7778****CALL CENTER +66 2017 7770****Cost of sales and services**

Cost of sales and services of FY2017 equaled to THB 19,481.5 million, increased from FY2016 in the amount of THB 4,691.9million, or 31.7%, which was proportioned to the growth in sales.

Gross profit

Gross profit of FY2017 equaled to THB 3,049.7million, increased from FY2016 in the amount of THB 703.0 million, or 30.0%, which was proportioned to the growth in sales.

Selling expenses

Selling expenses of FY2017 equaled to THB 1,869.7 million, increased from FY2016 in the amount of THB 333.6million, or 21.7%, which was proportioned to the growth in sales, partially due to sales promotion and other marketing campaigns.

Administrative expenses

Administrative expenses of FY2017 equaled to THB 430.8 million, increased from FY2016 in the amount of THB 98.5 million, or 29.6%.This was to support the increasing sales and business expansion

Finance costs

Finance costs of FY2017 equaled to THB 44.0 million, increased from FY2016 in the amount of THB 22.6 million, mostly was the interests from short-term borrowings as to support the general operation activity and expansion. The company had also negotiated for the better rate.

Net Profit (owners of the parent)

Net profit of FY2017 equaled to THB 608.8 million or 2.7% to the total revenue, compared with FY2016 at THB 406.5million or 2.4% to total revenue, or grew 49.8% from the same period of last year due to the reasons listed above.



Statement of financial position (Consolidated)

	2017		2016	
	THB million	%	THB million	%
Cash and cash equivalents	697.4	9.7	710.8	14.7
Inventories	4,089.7	57.0	2,182.9	45.3
Other-current assets	859.2	12.0	569.7	11.8
Total current assets	5,646.3	78.7	3,463.4	71.8
Total non-current assets	1,531.2	21.3	1,362.4	28.2
Total Assets	7,177.5	100.0	4,825.8	100.0
Trade and other payables	3,067.6	42.7	1,708.3	35.4
Other-current liabilities	1,759.5	24.6	1,049.2	21.7
Total current liabilities	4,827.1	67.3	2,757.5	57.1
Total non-current liabilities	52.5	0.7	79.1	1.7
Total liabilities	4,879.6	68.0	2,836.6	58.8
Total equity	2,297.9	32.0	1,989.2	41.2
Total liabilities and equity	7,177.5	100.0	4,825.8	100.0

Total Asset

As of December 31, 2017, the company has THB 7,177.5 million in total asset, increased THB 2,351.7 million or 48.7% from the same period of last year due to the increase in the inventory of THB 1,906.8 million

Inventories

As of December 31, 2017, the company has THB 4,089.7 million in the inventory, increased THB 1,906.8 million, due to the product management during the APPLE product launches in 4Q2017 and to have avoid product shortage during the new year holiday. This efficient management had contributed significantly to the growth in revenue and profit of the company.

Total liabilities

As of December 31, 2017, the company has THB 4,879.6 million in total liabilities, increased THB 2,043.0 million, or 72.0% due to the short-term borrowings from financial institutions for product management.

Trade and other payables

As of December 31, 2017, the company has THB 3,067.6 million in trade and other payables, increased THB 1,359.3 million, due to the product management for next quarter.



Other current liabilities

As of December 31, 2017, the company has THB 1,759.5 million in other current liabilities, increased THB 710.3 million, due to short-term borrowings for general operation activities.

Debt-to-equity ratio

During the fourth quarter of 2017, the Company anticipated sale growth. The Company ordered adequate volume of products to serve the anticipated sales. As a result, the Company had an inventory increase at the end of the year 2017, which led to the debt to equity ratio exceeding the required ratio from financial institution.

However, on 14February 2018, the financial institution has already issued a waiver to compromise the breach of the loan agreement.

Statement of Cash Flow (Consolidated)

Cash flow from the operations

As for FY2017, the company had used THB 91,379 in cash flow for the operation as the revenue received from the sales of products or services was used to buy new products to sell.

Liquidity Ratio

The liquidity of the company comprised of the inventory turnover, trade receivable turnover, and trade payable turnover. The results for FY2017 and FY2016 are shown as follow;

Liquidity Ratio	Unit	2017	2016
Day Sales Outstanding (DSO)	Day	10	9
Days Sales of Inventory (DSI)	Day	59	55
Days Payable Outstanding (DPO)	Day	45	43
Cash Cycle	Day	24	21

DSO: In 2017, the company had longer days to sales outstanding due to the new B2B business where credit-term was offered to the customers.

DSI: In 2017, the company had longer days sales of inventory due to the increase in the inventory as a part of the product management plan toward the end of the year. This is to control the supply quantity as well as for aging management to prevent stock from turning obsolete.

DPO: In 2017, the company had longer days payable outstanding due to the improved efficiency in the procurement and billing system



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Cash flow from investment

In 2017, the company invested THB 366.8 million. Mostly was the acquisition of BAF (Thailand) Co., Ltd. and others were the investment in new shops as a part of the expansion plan.

Cash flow from financing activities

In 2017, the company gained THB 353.5 million in short-term borrowings from the financial institutions

Summary

The growth in revenues and net profit from last year, at 31.4% and 49.8% accordingly, were due to the continued expansion and the operation management. The overall improvement was due to the efficient operation, from planning, sourcing, location selecting, to product management, inventory management, logistics and distribution. From customers' satisfaction of the purchase, to the after sales services together with a well-planned marketing campaign, promotions, and cost control and management. The company also actively plan and adapt to changes in the products, industry, and consumer behaviors such as the development of the B2B business, E-Commerce, Education, BKK, brand shop, True Shop by Com7 and other business such as Camera shop Shot pro and BAF (Thailand) Co., Ltd leasing motorcycle business to strengthen the growth and sustainability of the company.

Please be informed accordingly

Sincerely yours,

(Wassana Pongsangluk)

Chief Financial Officer