



14 August 2018

Re: Report on Operating results for the quarter ended June 31st, 2018 and changes in the operating result of more than 20% from the same period of the previous year

To: Director and Manager of the Stock Exchange of Thailand

### Overall

Summary results of COM7 Public Company Limited (Company) and its subsidiaries in Q2/2018 compared with the operating results for the Q2/2017, the details are as follows

- Revenue from sales and services was 6,741.4 MB., increased by 35.7%
- Gross profit was 890.3 MB., increased by 25.6%
- Selling expenses was 514.8 MB., increased by 16.1%
- Administrative expenses was 113.3 MB., increased by 11.0%
- Profit (loss) owners of the parent was 216.2 MB., increased by 71.3%

### Statement of Comprehensive Income (Consolidated)

	Q2/2018		Q2/2017		Q1/2017		Compared	
	MB.	%	MB.	%	MB.	%	YoY%	MoM%
Revenue from sales and services	6,741.4	100.0%	4,967.0	100.0%	6,433.6	100.0%	35.7%	4.8%
Cost of sales and services	5,851.1	86.8%	4,258.3	85.7%	5,647.0	87.8%	37.4%	3.6%
Gross profit	890.3	13.2%	708.7	14.3%	786.6	12.2%	25.6%	13.2%
Net gain (loss) from exchange rate	0.2	0.0%	0.7	0.0%	6.5	0.1%	(71.4%)	(96.9%)
Other income	13.4	0.2%	5.3	0.1%	17.9	0.3%	152.8%	(25.1%)
Share of profit of a joint venture	1.2	0.0%	-	-	8.1	0.1%	100.0%	(85.2%)
Total revenue	6,756.2	100.2%	4,973.0	100.1%	6,466.1	100.5%	35.9%	4.5%
Selling expenses	514.8	7.6%	443.5	8.9%	485.5	7.5%	16.1%	6.0%
Administrative expenses	113.3	1.7%	102.1	2.1%	103.7	1.6%	11.0%	9.3%
EBIT	277.0	4.1%	169.1	3.4%	229.9	3.6%	63.8%	20.5%

COM7 PUBLIC COMPANY LIMITED

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Finance costs	13.7	0.2%	11.9	0.3%	14.3	0.2%	15.1%	(4.2%)
EBT	263.3	3.9%	157.2	3.1%	215.6	3.4%	67.5%	22.1%
Income tax expense	47.6	0.7%	31.1	0.6%	41.1	0.7%	53.1%	15.8%
Net profit	215.7	3.2%	126.1	2.5%	174.5	2.7%	71.1%	23.6%
Profit (owners of the parent)	216.2	3.2%	126.2	2.5%	174.9	2.7%	71.3%	23.6%

Revenue from sales and services

Sales and service income for Q2'2018 was 6,741.4 MB. , increased of 1,774.4 MB. , or 35.7% from the same period of the previous year. All segments are increasing especially, on mobile and accessories segment.

## Revenue structure by segment (Consolidated)

Segment information	Q2'2018		Q2'2017		Compare
	MB.	%	MB.	%	YoY%
Mobile	4,192.6	62%	2,866.7	59%	46.3%
IT	1,214.0	18%	1,157.0	25%	4.9%
Accessories	1,063.6	16%	740.9	12%	43.6%
Service	270.2	4%	202.4	4%	33.5%
Revenue from sales and services	6,741.4	100%	4,967.0	100%	35.7%

The key factor are as follow : -

1. Mobile : Smartphone has new products launched since the last quarter, therefore the company still has new product to support sale performance. Meanwhile, the company has more sales promotions for IPAD products which results have satisfactory.
2. IT : Notebook that is main product still growing in Q2'18. The company has more focused gamers 'group products such as notebook, console game and related accessories that the company expects for expansion.
3. Accessories : especially Apple watch new series have launched since the last quarter. The company has policy on sale bundle with sim card and other products that are still increasing same as other group.
4. Service : Increasing from Sim, iCare and subsidiary company that manage TRUE shop are expansion and still growing in Q2'18.
5. Channel : The company has organized various sales channel and opened new store location in this quarter. In 2018, the company has already open 18 new stores ( 12 Bananas stores, 3 OPPO stores, 1 Studio7 store and 1 iCare

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store) Moreover, the company has organized and improved product mixed which is affected to Same Store Sale Growth (SSSG) also is higher than last year.

From the last year, Q2 is the low season so the company has new channels, promotion and product for substitute less the demand in this quarter. These can secure the company's sale growth.

#### Cost of sales and services

Cost of sales and services for Q2'2018 was 5,851.1 MB. , increased of 1,592.8 MB. , or 37.4% from the same period of the previous year, according to sales revenue.

#### Gross profit

Gross profit for Q2'2018 was 890.3 MB. , increased of 181.6 MB. , or 25.6% from the same period of the previous year, according to growth in sales revenue. Gross profit margin is decreased by iPhoneX that company still has stocks since the last year. The Company has more promotion activities to release such stocks to maintain appropriate level and plan to new product launch in 2<sup>nd</sup> half year.

#### Selling expenses

Selling expenses for Q2'2018 was 485.5 MB. , increased of 70.6 MB. , or 17.0% from the same period of the previous year, according to growth in sales revenue.

#### Administrative expenses

Administrative expenses for Q2'2018 was 103.7 MB. , increased of 16.1 MB. , or 18.4% from the same period of the previous year, according to growth in sales revenue.

#### Finance cost

Finance cost for Q2'2018 was 13.7 MB. , increased of 1.8 MB. , or 15.1% from the same period of the previous year, according to growth in sales revenue. The increasing of short-term loans is the main reason that company loan for purchase inventory and our business expansion. Meanwhile, the interest rate could be better from management negotiation.

#### Net profit (owners of the parent)

Net profit (owners of the parent) for Q2'2018 was 216.2 MB. or 3.2% per Revenue from sales and services , increased of 90.0 MB. , or 71.3% from the same period of the previous year.



Statement of financial position (Consolidated)

	Q2'2018		Y2017	
	MB.	%	MB.	%
Cash and cash equivalents	553.7	8.7%	697.4	9.7%
Trade and other receivables, net	626.3	9.9%	693.1	9.7%
Inventories, net	3,648.7	57.6%	4,089.7	57.0%
Other current assets	44.1	0.7%	166.0	2.3%
Total current assets	4,872.8	76.9%	5,646.2	78.7%
Total Non-current assets	1,460.3	23.1%	1,531.3	21.3%
Total assets	6,333.1	100.0%	7,177.5	100.0%
Short-term loans from financial institutions	2,001.6	31.6%	1,439.8	20.1%
Trade and other payables	1,702.0	26.9%	3,067.6	42.7%
Other current liabilities	189.0	3.0%	319.6	4.5%
Total current liabilities	3,892.6	61.5%	4,827.0	67.3%
Total non-current liabilities	166.9	2.6%	52.5	0.7%
Total liabilities	4,059.5	64.1%	4,879.5	68.0%
Total equity	2,273.6	35.9%	2,298.0	32.0%
Total liabilities and equity	6,333.1	100.0%	7,177.5	100.0%

Total assets

As at 30 June 2018, the company has 6,333.1 MB., decreased 844.4 MB. or 11.8% from the end of last year, The key factor are as follows.

Cash and cash equivalents

As at 30 June 2018, the company has 553.7 MB., decreased 143.7 MB. or 20.6% from the end of last year, due to we keep maintain the appropriate level of cash balance.



#### Inventories, net

As at 30 June 2018, the company has 3,648.7 MB., decreased 441.0 MB. or 10.8% from the end of last year. The company can maintain the level of inventory to be appropriate to sale according to the plan.

#### Total liabilities

As at 30 June 2018, the company has 4,059.5 MB., decreased 820.0 MB. or 16.8% from the end of last year, The key factor are as follows.

#### Short-term loans from financial institutions

As at 30 June 2018, the company has 2,001.6 MB., increased 561.8 MB. or 39.0% from the end of last year, to use for working capital.

#### Trade and other payables

As at 30 June 2018, the company has 1,702.0 MB., decreased 1,365.6 MB. or 44.5% from the end of last year, according to inventory balance.

#### Statement of Cash Flow (Consolidated)

##### Cash flow from the operations

For Q2'2018, the company had used 280.9 MB. in cash flow for the operation mainly to trade payment.

#### Liquidity Ratio

The liquidity of the company comprised of the trade receivable turnover, inventory turnover and trade payable turnover. The results for Q2'2018 and Q2'2017 are shown as follow;

Liquidity Ratio	Unit	Q2'2018	2017
Day Sales Outstanding (DSO)	day	9	10
Days Sales of Inventory (DSI)	day	61	59
Days Payable Outstanding (DPO)	day	37	45
Cash Cycle	day	35	24



DSO: In Q2'2018, slightly decreased from last year end 17.

DSI : In Q2'2018, increased from the company plan stock for sale and expansion.

DPO : In Q2'2018, decreased from the company paid the supplier before due date for get benefit from trade discount.

#### Cash flow from investment

For Q2' 2018, the company gained 30.6 MB. The Company has the right to terminate the restricted deposits at financial institutions amount 157.3 MB.

#### Cash flow from financing activities

For Q2' 2018, the company had used 106.6 MB. in short-term borrowings from the financial institutions.

#### Conclusion

For Revenue and Profit (owners of the parent) in Q2'2018 increase 35.7% and 71.3% accordingly, This is a continuous growth. The mainly is the company has enough products to sell. The key factor is product selection and marketing plan adjustment to matching customer demand, Partners to join and growth together, Strategies to find the other channels such as B2B has sales team for corporate, Online channels, Franchise Model will expand the IT market and new customers. The company selects from good qualifications of franchisee includes the strategic location and define the quality of the store and our target will to 100 stores in this year. Furthermore, the company has sales strategy to increased sales per bill by encourage SIM cards and accessories to customers. For services the Company still has grown and planned to expand its branches especially on Icare. Subsidiary companies have a good performance. With the business plan, the company ensures to grow continuously.

Please be informed accordingly

Sincerely yours,

(Wassana Pongsangluk)

Chief Financial Officer