



14 August 2019

Re: Report on Operating results for the quarter ended June 30th, 2019 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

Overview

The operating results of COM7 Public Company Limited (the Company) and its subsidiaries, according to the consolidated financial statement of Q2/2019 for three-month period and six-month period compared with operating results for the last year, details are as follows;

Statement of Comprehensive Income (Consolidated)

	Three-month period					Six-Month period				
	2562		2561		YoY	2562		2561		YoY
	MB.	%	MB.	%	%	MB.	%	MB.	%	%
Revenue from sales and services	7,751.4	100.0%	6,741.4	100.0%	15.0%	15,369.7	100.0%	13,177.9	100.0%	16.6%
Cost of sales and services	6,686.7	86.3%	5,851.1	86.8%	14.3%	13,307.9	86.6%	11,498.1	87.3%	15.7%
Gross profit	1,064.7	13.7%	890.3	13.2%	19.6%	2,061.8	13.4%	1,679.8	12.7%	22.7%
Gain from exchange rate,net	-	0.0%	0.2	0.0%	-100.0%	-	0.0%	6.7	0.1%	-100.0%
Other income	13.5	0.2%	13.5	0.2%	0.0%	23.7	0.2%	28.5	0.2%	-16.8%
Share of profit of a joint venture	4.4	0.0%	1.2	0.0%	266.7%	11.8	0.1%	9.3	0.1%	26.9%
Total revenues	7,769.3	100.2%	6,756.3	100.2%	15.0%	15,405.2	100.2%	13,222.4	100.3%	16.5%
Selling expenses	572.2	7.4%	514.8	7.6%	11.1%	1,136.8	7.4%	1,000.3	7.6%	13.6%
Administrative expenses	135.9	1.7%	113.3	1.7%	19.9%	259.5	1.7%	217.0	1.6%	19.6%
Loss from exchange rate,net	0.2	0.0%	-	0.0%	100.0%	0.9	0.0%	-	0.0%	100.0%
PBIT	374.3	4.8%	277.1	4.1%	35.1%	700.1	4.6%	507.0	3.8%	38.1%
Finance cost	15.3	0.2%	13.7	0.2%	11.7%	28.4	0.2%	28.0	0.2%	1.4%
PBT	359.0	4.6%	263.4	3.9%	36.3%	671.7	4.4%	479.0	3.6%	40.2%
Income tax expense	64.6	0.8%	47.7	0.7%	35.4%	128.1	0.8%	88.8	0.7%	44.3%
Profit for the period	294.4	3.8%	215.7	3.2%	36.5%	543.6	3.5%	390.2	3.0%	39.3%
Profit owners of the parent	294.2	3.8%	216.2	3.2%	36.1%	544.3	3.5%	391.1	3.0%	39.2%

The highlight performance of Q2'19 is as the follow;

- Revenue from sales and services equaled to 7,751.4 MB., increased by 15.0%
- Gross profit equaled to 1,064.7 MB., increased by 19.6%
- Profit owners of the parent equaled to 294.2 MB., increased by 36.1%

Revenue from sales and services

At the end of Q2/2019, there was a total of 681 branches under the management of the Company's Group, which divided into Banana 221 branches, Studio7 100 branches, KingKong phone 104 branches, True shop by COM7 91 branches, Franchise 67 branches, BKK 37 branches, iCare 26 branches, and others 35 branches. There was an increase of 218 branches from last year (Q2/2018: 463 branches). The Company has divided the distribution channel into 2 types as follows.

Revenue structure categorized by business group

Business group	Q2/2019		Q2/2018		YoY%
	MB.	%	MB.	%	
Retail (B2C)	7,364.7	95%	6,323.9	94%	16%
Others	386.7	5%	417.5	6%	(7%)
Sales and Services Revenue	7,751.4	100%	6,741.4	100%	15%

Sales and services revenue for Q2/2019 equaled to 7,751.4 MB., an increased of 1,010.0 MB. or equivalent to 15.0% from the following groups of channel ;

1. **Retail (B2C)** is the sale to retail customers by the main distribution channels are as follows.

Banana, Banana outlet:

Banana is the store selling all types and brands of IT products, whether Notebook or Desktop computer, mobile phones, IOT products, and other accessories through focused on customers' lifestyle. Whereby Banana outlet, the products shall be sold based on item condition which benefits the Company in selling its goods swiftly. In overall, sales under this channel is still continuously growing.

Studio7:

It is the store selling all of Apple products including other accessories to ensure the customers experience with the products. Whereas this quarter, the sale has continued to grow compared to the same period last year. There is the good feedback on new products of Ipad and Apple watch. About Iphone, which there are currently more various models such as IphoneXs, IphoneXs Max, IphoneXR, as well as the previous version such IphoneX, Iphone8, Iphone8plus, Iphone7, Iphone6. The Company, therefore, still has good sales of Iphone.

Banana Shopping (Franchise):

It is to entitle to administrate the business to those who interested of investment through operating same as the Banana shop and there is the opening of its branch throughout the country. There is providing of best seller products and educating to sellers both IT and Smartphone products. Due to the continuing sales growth, the Company still aims to expand the branch by selecting potential investors both in knowledge and appropriate location.

BKK and Brand shop:

It is the smartphone shop and accessories with 20 branches of OPPO, Samsung 11 branches and Vivo 3 branches, which the sale is growing as well as other channels.

KingKong phone:

It is a brand of smartphone shop the Company acquired since December 2018. The kind of the shop is in the form of a small, close to the pathway and open at the hyper market which can be displayed allowing customers to see easily. Besides, having a customer group differs from other existing stores of the Company. In this year, the Company shall expand the branch with the appropriate location further.

Online and others:

The Company sale is increasing due to the Company takes advantage of having a storefront throughout the country to receive products including sale through both the Company website and other famous online websites. In terms of sales with SIM card, there is still an increasing amount of activation in all sales channels such Education section at the universities.

2. **Other Channels** consists of 2 main channels; B2B and Service (iCare and True shop by COM7)

B2B Customer

In 2019, Novas Integration, a subsidiary of the Company, emphasizes on selling various project to the group of company customers which is in accordance with the Company's policy to expand in corporate customers.

The reason of sales' decrease in this channel is wholesale.

Service

It consists of True shop by COM7 with 91 branches and iCare 26 branches. In the Q2/2019, The performance of channel is increasing both revenue and profit. So the company still expand the store service.

Cost of sales and services

Cost of sales and services for Q2/2019 equaled to 6,686.7 MB., increased from the same period of the previous year in the amount of 835.6 MB., or 14.3%, which was proportioned to the growth in sales.

Gross profit

Gross profit for Q2/2019 equaled to 1,064.7 MB., increased from the same period of the previous year in the amount of 174.4 MB., or 19.6%, which was proportioned to the growth in sales. Gross profit of 2018 was 13.7%, increased from the rise of accessories selling and revenue from services.

Selling and Administrative expenses

Selling and Administrative expenses for Q2/2019 equaled to 708.1 MB., increased from the same period of the previous year in the amount of 80.0 MB., or 12.7%, which was proportioned to the growth in sales.

About administrative expenses is increasing from the employee benefit obligations that the legal change in the termination and compensation rule (paid max to 400 days) is equaled to 14 MB. If exclude this expense, The administrative is growth 11%.

Finance costs

Finance costs for Q2/2019 equaled to 15.3 MB., increased from the same period of the previous year in the amount of 1.6 MB., or 11.7%. It come from the short term loan that company used in business plan.

Net Profit (owners of the parent)

Net profit for Q2/2019 equaled to 294.2 MB., or 3.8% to the total revenue from sales and services, increased from the same period of the previous year in the amount of 78.0 MB. or 36.1% due to the reasons listed above.

Statement of financial position (Consolidated)

	Q2/2019		2018	
	MB.	%	MB.	%
Cash and cash equivalents	851.1	11.0%	1,058.9	14.0%
Trade and other receivables, net	595.8	11.5%	891.0	11.7%
Inventories, net	4,096.8	52.7%	3,844.4	50.7%
Other-current assets	71.3	0.9%	81.3	1.0%
Total current assets	5,915.0	76.1%	5,875.6	77.4%
Total non-current assets	1,855.2	23.9%	1,713.0	22.6%
Total Assets	7,770.2	100.0%	7,588.6	100.0%
Trade and other payables	2,327.3	30.0%	2,905.7	38.3%
Short term loan from financial institutions	2,451.6	31.5%	1,674.8	22.1%
Other-current liabilities	144.9	1.8%	128.2	1.6%
Total current liabilities	4,923.8	63.3%	4,708.7	62.0%
Total non-current liabilities	129.8	1.7%	103.4	1.4%

Total liabilities	5,053.6	65.0%	4,812.1	63.4%
Total equity	2,716.6	35.0%	2,776.5	36.6%
Total liabilities and equity	7,770.2	100.0%	7,588.6	100.0%

Total Asset

As of June 30, 2019, the Company had 7,770.2 MB., increased 181.6 MB., or 2.4% from the same period of last year. The details are as follows.

Cash and cash equivalents

As of June 30, 2019, the Company had 851.1 million baht, decreased 207.8 MB., or 19.6% from the end of last year. The mainly reason is company paid dividend in Q2'19.

Inventories, net

As of June 30, 2019, the Company had 4,096.8 MB., increased 252.4 MB., or 6.6% from the end of last year. It was due to the expansion of branches and newly released products in this quarter. The Company could maintain the level of inventory to be appropriate and sufficient for sales.

Total liabilities

As of June 30, 2019, the Company had 5,053.6 MB., increased 241.5 million baht, or 5.0% from the end of last year. The key factors are as follows.

Trade and other payables

As of June 30, 2019, the Company had 2,327.3 MB., decreased 578.4 million baht, or 19.9% from the end of last year, according to the normal payment cycle.

Short-term loans from financial institutions

As of June 30, 2019, the Company had 2,451.6 million baht, increased 776.8 MB., or 46.4% from the end of last year. It was due to the use of money as working capital to purchase goods and pay debts.

Liquidity Ratio

The liquidity of the Company comprised of the trade receivable turnover, inventory turnover and trade payable turnover. The results for Q2/2019 and Q2/2018 are shown as follows;

Liquidity Ratio	Unit	Q2/2019	Q2/2018
Day Sales Outstanding (DSO)	Days	11	8
Days Sales of Inventory (DSI)	Days	55	61
Days Payable Outstanding (DPO)	Days	31	35
Cash Cycle	Days	35	34

DSO: In Q2/2019, is slightly increased from last year.

DSI: In Q2/2019, is decreased from the last year because the Company manages the product to be efficient and appropriate.

DPO: In Q2/2019, is slightly decreased the last year.

Overview

Revenue and profit of the parent company in Q2/2019 increased from the previous year by 15.0% and 36.1% and In overall in year 2019, revenue and profit increased from last year by 16.6% and 39.2% respectively, which is considered a continuous increase. The Company is still planning to expand its business both in B2C and B2B, which in Q2/2019 the Company has expanded its branches in many brands including add various distribution channels to serve both new and existing customers. In addition, the product has been adjusted to be more diverse, but still closely manage the products and selection to match the customer group, including various promotions according to customers. Therefore, the target in 2019, the Company shall continue to grow continuously in revenue and profit.



COM7 PUBLIC COMPANY LIMITED

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



TEL +66 2017 7777



FAX +66 2017-7778

CALL CENTER +66 2017 7770

Please be informed accordingly

Sincerely yours,

(Wassana Pongsangluk)

Chief Financial Officer