



Ref. AU 009/2017

- Translation -

15 May 2017

To: Director and the President
The Stock Exchange of Thailand

Management Discussion and Analysis for the three-month period ended 31 March 2017

After You Public Company Limited (the “Company”) operates dessert and bakery businesses. The Company divides its businesses into 2 categories, including

- 1) Dessert café under the trademark name of “After You” and “Maygori”. As at 31 March 2017, there were 19 branches of After You dessert café (18 branches as at 31 December 2016) and 1 branch of Maygori (2 branches as at 31 December 2016).
- 2) Catering such as wedding ceremonies, and other special occasions. In addition, the Company produces its products under its trademark known as OEM for restaurants and other parties as requested and etc.

The Company has a subsidiary, Aurum and Aurum Company Limited (together with the Company, the “Group”) which engages in distribution of bakery products and equipment.

Analysis of Financial Performance

Revenues

Business categories	Operated by	For the three-month period ended 31 March				% Change Increase (Decrease)
		2017		2016		
		THB mm	%	THB mm	%	
<u>Sales</u>						
1. Sales from dessert café	Company	153.94	97.56	137.01	98.75	12.36
2. Sales from catering service and OEM and sale through head office	Company	2.26	1.43	1.37	0.99	64.96
Total sales		156.20	98.99	138.38	99.74	12.88
Other revenues		1.59	1.01	0.36	0.26	341.67
Total revenues		157.79	100.0	138.74	100.0	13.73

For the three-month period ended 31 March 2017, sales increased from THB 138.38 million for the same period last year to THB 156.20 million, accounted for 12.88% increase due to the introduction of 5 new branches compared to the same period last year.

The Group had other revenues of THB 1.59 million for the three-month period ended 31 March 2017 which increased from THB 0.36 million for the same period last year. Increase in other revenues was mainly from short-term investment which the Company has invested since January 2017.

Cost of Sales and Gross Profit

Unit : THB mm Unless otherwise stated	For the three-month period ended 31 March	
	2017	2016
Total sales	156.20	138.38
Cost of sales	54.99	50.34
Gross Profit	101.21	88.04
Gross Profit Margin (%)	64.80	63.62

For the three-month period ended 31 March 2017, gross profit of the Group was THB 101.21 million or equivalent to gross profit margin of 64.80%, compared with 63.62% for the same period last year. The increase in gross profit margin was mostly because the Group had better cost management especially the reduction in the price of raw material which was the main cost of sales of the Group.

Selling Expenses

Selling expenses mainly consist of salary for the café's staff, space and equipment rental expenses at each After You dessert café and Maygori, utility expenses, and other selling expenses such as marketing and promotional expenses, and depreciation of asset of each branch. For the three-month period ended 31 March 2017 and 2016, selling expenses were THB 51.48 million and THB 39.80 million respectively. Selling expenses increased THB 11.68 million or 29.35%, mainly from increased expenses from new branches which require additional staff and rental expenses.

In order to be well prepared to operate the company's new branches, new recruits need to be hired and trained 70 - 90 days in advance. For the first half of 2017 the company is required to invest in new recruits for four upcoming branches. While the same period in 2016, the company only opened one branch of Maygori.

Percentage of rental to sales for the three-month period ended 31 March 2017 slightly increased from the same period last year since the rental rate of some new branches was higher than average rental rate.

Administrative Expenses

For the three-month period ended 31 March 2017 and 2016, administrative expenses were THB 22.66 million and THB 15.32 million respectively, equaling to an increase of THB 9.34 million or 60.97%. This was mainly due to the increased employees at the Company's head office to support the increase in number of new branches.

In addition, the Company recorded the expense for the annual staff seminar which was postponed from late 2016 as the expense in the three-month period ended 31 March 2017 for THB 1.69 million which was 1.08% of sales. The Company also recorded loss from closing Maygori at the Common Tonglor branch amounting THB 0.96 million or 0.61% of sales.

Financial Cost

Financial costs for the three-month period ended 31 March 2017 and 2016 were THB 0.50 million and THB 1.16 million, accounted for 0.32% and 0.84% of total revenues respectively. The decrease in financial cost was due to the repayment of the entire amount of loans from bank in January 2017.

Tax Expenses

Tax expenses for the three-month period ended 31 March 2017 and 2016 were THB 4.42 million and THB 6.03 million respectively or equivalent to effective tax rate of 16.91% and 18.78% respectively. The lower percentage of the three-month period ended 31 March 2017 than the same period last year was because the Group utilized the tax privilege for investment in assets according to the Royal Decree no. 604.

Net Profit

For the three-month period ended 31 March 2017 and 2016, net profit of the Group were THB 21.74 million and THB 26.08 million respectively, equaling to a decrease of THB 4.34 million or 16.64%. Net profit margin for the three-month period ended 31 March 2017 and 2016 were 13.78% and 18.79% respectively, equaling to an increase of 5.01%, due to the increase in selling and administrative expenses.

Analysis of Financial Position

Assets

As at 31 March 2017 and 31 December 2016, the Group had total assets of THB 914.38 million and THB 981.93 million respectively which mainly consisted of cash and cash equivalents, short-term investment and property, plant and equipment.

Cash and Cash Equivalents

As at 31 March 2017 and 31 December 2016, cash and cash equivalents were THB 59.70 million and THB 628.40 million respectively. The decrease of THB 568.70 million was primarily due to the investment in short-term investment, repayment of long-term loans from bank, payment for construction of the headquarter, training and distribution center, the expansion of the factory and new branches.

Short-term Investment

As at 31 March 2017, the Group had short-term investment of THB 470.32 million which consisted of investments in securities held for trading THB 270.01 million, change in fair value of investments in securities held for trading THB 0.31 million and held-to-maturity investments THB 200 million. The Group has invested in short-term investment since January 2017 to maximize the return on available cash.

Property, Plant and Equipment

As at 31 March 2017 and 31 December 2016, the Group had Property, Plant and Equipment of THB 315.6 million and THB 282.99 million respectively. The increase was due to work in construction of headquarter, training and distribution center, the expansion of the factory and new branches.

Liabilities

As at 31 March 2017 and 31 December 2016, the Group's liabilities mainly consisted of trade and other payables and long-term loans from bank. Total liabilities were THB 83.80 million and THB 173.10 million respectively.s

Trade and Other Payables

As at 31 March 2017 and 31 December 2016, the Group had Trade and Other Payables of THB 46.66 million and THB 63.79 million respectively. The decrease of THB 17.13 million was mostly from the payment of the direct creditor related to the share offering.

Long-term Loans from Bank

As at 31 December 2016, the Group had the outstanding balance of three long-term loans from bank totaling (including current portion) THB 66.31 million. The Group repaid the entire amount of loan and interest in January 2017. Therefore, the Group had no outstanding balance as at 31 March 2017.

Shareholders' Equity

As at 31 March 2017 and 31 December 2016, the Group had shareholders' equity of THB 830.57 million and THB 808.83 million respectively. The increase in shareholders' equity was attributed to increase in net profit during the period.

Please be informed accordingly,

Yours sincerely,

(Mr. Maetup T.Suwan)
Managing Director