



No. MM-SET 04/2017

May 12, 2017

Subject : Management Discussion and Analysis Quarterly Ending 31 March 2016

To : The President
The Stock Exchange of Thailand

Income Statement

Total Revenue

MM and the subsidiaries earned THB 737.1 mm and THB 737.6 mm in Q1/2016 and Q1/2017 respectively, equaling to Y-o-Y growth of 0.1%. Changes of revenue of each business can be summarized as below.

Subsidiary	Revenue (THB mm)		Y-o-y Change Increase / (Decrease)	Note
	1Q/16	1Q/17		
Food & beverage business	681	704	3.4%	Increased number of stores, new menus, and proactive market campaigns, especially growth of Baskin Robbins and Greyhound Cafe
Lifestyle business	56	34	(39.3%)	Economic downturn, intense competition, and rapid changes of consumer behavior
Total Revenue	737	738	0.1%	The overall growth of total revenues is flat from negative growth of lifestyle business; while, food and beverage business is consistently growing

Cost of Sales and Services

Cost of sales and services in Q1/16 and Q1/17 totaled THB 289.8 mm and THB 285.4 mm respectively, accounting for 39.3% and 38.7% of total revenue. The better of %cost of sales and services in Q1/17 was primarily from well-stabilized under the effective collaboration between purchasing department, logistics department, marketing department, and branch employees through the application of effective procurement and inventory management systems.

Selling and Administrative Expenses

In Q1/16 and Q1/17, MM's selling and administrative expenses amounted to THB 433.2 mm and THB 449.7 mm, respectively, accounting for 58.8% and 61.0% of total revenue, respectively. Summary of selling and administrative expenses are as follows.

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Expense	Selling and Administrative Expenses (THB mm)		Y-o-y Change Increase / (Decrease)	Note
	1Q/16	1Q/17		
Amortization of intangible assets from business acquisitions	17.7	16.7	(5.9%)	Non-cash items from business acquisitions are divided into amortization of Dunkin' Donut, Au Bon Pain, Greyhound Café franchises totaling THB 25 mm, THB 7 mm, and THB 29 mm every year, respectively. From 2016 onward, there is no more amortization of trademarks of Greyhound group in lifestyle business (THB 4 mm a year) because MM has recorded impairment loss of such assets in 3Q/16
Other selling expenses	333.6	350.2	5.0%	The Company incurred higher personnel cost, rental and service costs every year due to increased number of branches. The openings of new branches will concurrently expanded number of employees along with larger selling area.
Administrative expenses	81.9	82.8	1.1%	Administrative expenses include remuneration of management and employees at office, administrative expenses, and other related costs
Total selling and administrative expenses	433.2	449.7	3.8%	Proportion of selling and administrative expenses to total revenue in Q1/16 and Q1/17 totaled 58.8% and 61.0% of total revenue, respectively. A higher of selling and administrative expenses was mainly from higher staff payroll and rental and services expenses

Finance Cost

In Q1/16 and Q1/17, MM incurred finance cost amounting THB 15.1 mm and THB 16.2 mm respectively. The slightly increase of finance cost was due to additional of short-term interest bearing debt in 1Q/17. MM will allocate some of IPO proceed to repay such loan.

Net Profit (Loss)

In Q1/16 and Q1/17, MM's net profit (loss) amounted to THB (6.0) mm and THB (15.6) mm, respectively. Net profit (loss) of the Company equaled to (0.8%) and (2.1%) of total revenue respectively.



Statement of Financial Position

Total Assets

As of 31 March 2016 and 2017, the Company's assets equaled THB 3,814.6 mm and THB 3,761.8 mm, respectively. Majority of assets is non-current assets. As of 31 March 2017, the Company's non-current assets accounted for 90% of total assets, while the current assets accounted for 10% of total assets, respectively.

Total Assets	31 December 2016		31 March 2017	
	THB mm	%	THB mm	%
Current assets	389.4	10.2	344.8	9.2
Non-current assets	3,425.2	89.8	3,417.0	90.8
Total assets	3,814.6	100.0	3,761.8	100.0

1. Current Assets

The Company's current assets totaled THB 389.4 mm and THB 344.8 mm at year-ended 2016 and 1Q/17 accounting for 10.2% and 9.2% of total assets respectively. Account receivables were THB 67.3mm and THB 47.8 mm at year-ended 2016 and 1Q/17, respectively. Inventories were THB 204.3 mm and THB 195.6 mm accounting for 5.4% and 5.2% of total assets at year-ended 2016 and 1Q/17, respectively. The majority of inventories are finished products of Greyhound Fashion.

2. Non-Current Assets

As of 31 December 2016 and 1Q/17, MM's non-current assets totaled THB 3,425.2 mm and THB 3,417.0 mm, accounting for 89.8% and 90.8% of total assets, respectively. The main item in non-current assets were building improvement and equipment, goodwill and intangible assets. Building improvement and equipment totaled THB 477.8 mm and THB 488.3 mm or 12.5% and 13.0% of total assets, respectively. Goodwill from business acquisition was stable at THB 1,896.1 mm at year-ended 2016 and 1Q/17. Goodwill was comprised of goodwill from Donut business at THB 484.4 mm, goodwill from bakery business at THB 298.2 mm, and goodwill from restaurants at THB 1,113.5 mm based on the business acquisition of Greyhound group since 2014. At year-ended 2016 and 1Q/17, intangible assets amounted to THB 885.0 mm and THB 867.4 mm or 23.2% and 23.1% of total assets, respectively.

Total Liabilities

Total Liabilities	31 December 2016		31 March 2017	
	THB mm	%	THB mm	%
Current Liabilities	855.4	42.8	873.3	44.5
Non-Current Liabilities	1,144.1	57.2	1,089.1	55.5
Total Liabilities	1,999.5	100.0	1,962.4	100.0

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1. Current Liabilities

As of 31 December 2016 and 1Q/17, the Company's current liabilities totaled THB 855.4 mm and THB 873.3 mm, respectively, accounting for 42.8% and 44.5% of total liabilities. The increase of current liabilities was from additional of short-term interest bearing debt in 1Q/17. MM will allocate some of IPO proceed to repay such loan.

2. Non-Current Liabilities

As of 31 December 2016 and 1Q/17, non-current liabilities totaled THB 1,144.1 mm and THB 1,089.1 mm, representing 57.2% and 55.5% of total liabilities, respectively. Majority of non-current liabilities were long-term debt from financial institution in which long-term debt, net of current portion, equaled to THB 871.8 mm and THB 821.5 mm, respectively, accounting for 43.6% and 41.9% of total liabilities, respectively. Decrease of long-term debt in 1Q/17 was as a result of repayment schedule of long-term debt which has been borrowed since 2014 to fund the acquisition of Greyhound group.

Shareholders' Equity

As of 31 December 2016 and 1Q/17, the Company's shareholders' equity stood at THB 1,815.1 mm and THB 1,799.4 mm respectively. Shareholders' equity reduced by THB 15.7 mm due to economy downturn and lower consumer spending.

Yours Sincerely

(Miss Hansa Serm Sri)

Chief Finance Officer

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