

IDR07/2014

August 6, 2014

Re: Notification on the Difference of Total Revenue for the Second Quarter of 2014 by More Than 20 Percent from the Same Period of the Previous Year
CP All Public Company Limited

To: The President
The Stock Exchange of Thailand

CP All Public Company Limited (the Company or CPALL) would like to explain the increased total revenue exceeding 20 percent from the same period of the previous year in the Company's consolidated financial statements for the first quarter ended June 30, 2014.

Total Revenue

Total revenue for the second quarter of 2014 was Baht 92,134 million, or an increase of 71.8 percent from the same period of the previous year due to the followings:

- 1) The acquisition of Siam Makro Public Company Limited during the year 2013 and thus the Company recorded Makro performance since July 2013. Revenue contribution from Makro for the second quarter of 2014 was Baht 34,749 million;
- 2) Expansion of 7-Eleven stores from 7,210 stores in the second quarter of 2013 to 7,816 stores in the second quarter of 2014, an increment of 8.4 percent;

Gross Margin

Gross margin excluding phone card of the Company's convenience store business increase from 25.6 percent in the second quarter of 2013 to 26.2 percent in the second quarter of 2014 due to an increased mix of high margin products

In the meantime, total gross margin in the consolidated financial statement decreased from 26.3 in the second quarter of 2013 to 21.3 in the second quarter of 2014 due to the record of lower gross margin from Makro business than that of the convenience store business.

Selling, General and Administrative Expenses

In the second quarter of 2014, the Company and its subsidiaries' selling and administrative expenses were Baht 16,885 million, increasing 33.4 percent year-on-year as detailed below:

- (1) Personnel expenses, which accounted for 25.7 percent of the total SG&A, amounted to Baht 4,337 million.
- (2) Store management expenses, which accounted for 19.3 percent of the total SG&A, increased to Baht 3,259 million following the rise in the number of franchise stores and higher sales. Other SG&A such as depreciation, utility expenses, advertising and promotion expenses were also increased in relation to sales growth and store expansion of 7-Eleven.

Meanwhile, SG&A to total revenue in the consolidated financial statement decreased from 23.6 percent in the second quarter of 2013 to 18.3 percent in the second quarter of 2014 due to the consolidation of Makro's SG&A and Makro's SG&A to total revenues was lower than that of the convenience store business.

Operating Profit and Net Profit

Operating profit was Baht 5,218 million, increasing 57.2 percent from the same period of the previous year and net profit was Baht 2,252 million, decreasing 15.0 percent comparing year on year because of the increased finance charges from Baht 127 million in the second quarter of 2013 to Baht 2,398 million in the second quarter of 2014.

Please be informed accordingly.

Sincerely yours,

(Mr. Kriengchai Boonpoapichart)
Vice President
Authorized to sign on behalf of the Company