

IDR 09/2017

May 11, 2017

Re: Management Discussion and Analysis (MD&A) for the First Quarter of 2017

CP All Public Company Limited

To: The President

The Stock Exchange of Thailand

Total Revenues

In 1Q17, the Company and its subsidiaries' total revenues were Baht 117,513 million. An increase of 8.0 percent from the same period last year was mainly driven by higher sales revenue and services income of convenience store business and cash & carry business under the name "Siam Makro". Resilient revenue growth was a result of the Company's strategy to remain vigorous in store expansion to correspond to the change in consumer lifestyle, to serve convenience to all communities and to offer products and services that accommodate to customer demand.

Gross Profit

The Company and its subsidiaries' gross profit in the first quarter of 2017 was Baht 24,894 million, increased by 9.6 percent from the same period last year largely from higher sales participation of higher-margin products. Thus, gross margin to sales and service income in the consolidated financial statement advanced from 21.6 percent in 1Q16 to 22.0 percent in 1Q17.

Selling and Administrative Expenses

In 1Q17, the Company and its subsidiaries' selling and administrative expenses rose to Baht 21,279 million, increased by 9.6 percent from 1Q16. Higher expenses were in related to business expansion plan such as new store expansions.

Profit Before Interest and Tax Expenses, and Net Profit

In 1Q17, profit before interest and tax expenses was Baht 7,800 million, up 9.7 percent YoY. Net profit was Baht 4,765 million, increased by 17.2 percent from the same period last year. Earnings per share reported in the consolidated financial statements in 1Q17 was Baht 0.52. The improvement in net profit was mainly driven by decent business operations as well as

lower income tax expenses as the Company continued to benefit from government's tax advantage on certain capital expenditure incurred in 2016 and during this period.

Business Segment Performance

In 1Q17, total revenues before elimination contributed from major businesses were, (1) convenience store business and other businesses accounted for 63 percent and (2) Siam Makro cash & carry business accounted for 37 percent. The revenue contributions from these businesses were at a similar level as in 1Q16.

Profit before tax before elimination contributed from major businesses in 1Q17 were, (1) convenience store business and other businesses accounted for 67 percent, decreased from 71 percent in 1Q16 and (2) Membership based cash & carry trade centers accounted for 33 percent, rose from 29 percent in the same period last year. The change in contribution mix was a result of improving operation of Siam Makro.

Operating Results of the Convenience Store Business

In order to move toward our long-term goal of having 13,000 stores by 2021, new stores expansion has progressed on track in 1Q17. During the first quarter of the year, the Company has successfully opened 246 new stores in all types including corporate, store business partner (SBP) and sub-area. At the end of 1Q17, CPALL operated 9,788 stores nationwide, which can be broken down into:

- (1) 4,391 corporate stores (45 percent of total stores), an increase of 186 stores,
- (2) 5,397 SBP and sub-area stores (55 percent of total stores), an increase of 60 stores during 1Q17

Majority of our stores were stand-alone, making 86 percent of total stores, while the others were in PTT gas stations.

As mainly driven by dynamic store expansion and successful product strategy, in 1Q17 the convenience store business reported revenue from sales and services of Baht 65,545 million, increased by Baht 4,327 million or 7.1 percent YoY. In 1Q17, convenience store business has retained its positive SSSG at 1.2 percent and posted average sales of Baht 77,426 per store on a daily basis. In 1Q17, average spending per ticket was at Baht 66 and there were 1,175 customer visits per store per day.

In 1Q17, sales of both food and non-food categories grew approximately at similar pace. As a result, product sales mix remained at the same level as in 1Q16, having food products accounted for 70.9 percent of sales mix, while non-food products (excluding phone cards) accounted for 29.1 percent. Product margin improved to 26.2 percent in 1Q17 from 26.0 percent in 1Q16.

In 1Q17 gross profit amounted to Baht 18,373 million, increased by Baht 995 million or 5.7 percent YoY. Gross profit margin declined to 28.0 percent in 1Q17 from 28.4 percent in 1Q16 owing to higher oil prices which pressured logistics cost and partly from lower service income.

Meantime, other income increased to Baht 4,035 million in 1Q17, or an increase of Baht 366 million or 10.0 percent from the same period last year mainly higher sales promotion income from co-promotion campaigns with suppliers to boost sales.

SG&A expenses were Baht 17,421 million in 1Q17, or an increase of Baht 1,269 million or 7.9 percent from 1Q16. An increase in expense such as higher store management fee rose from higher sales revenue as well as better sales mix, while other expenses increased mainly in related to new store expansions.

In 1Q17, operating profit of the convenience store business was Baht 5,101 million, increased by 3.0 percent from 1Q16, while net profit was Baht 2,685 million, increased by 10.4 percent YoY.

Management Outlook for Convenience Store Business in 2017

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| Store expansion | <p>Following our plan to reach 13,000 stores by 2021, we will remain active in our new store rollouts following the growth of communities, various infrastructures, tourist destinations and other high potential areas in order to serve convenience to all communities. Thus, we plan to open approximately 700 new stores in 2017.</p> |
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| Sales and services revenue growth | The Company expects to continue delivering sales and services revenue growth as driven from contribution from new store and positive SSSG, which we forecast to grow in line with the projected economic growth in Thailand (GDP growth). However, this is subjected to other factors including inflation rate and private consumption growth. |
| Gross profit margin | Gross profit margin advancement is expected to continue on the back of our product strategy in order to cater to consumer demand. We also continue to drive higher sales proportion of the higher-margin products in both food and non-food categories. |
| CAPEX | <p>CAPEX is projected to be approximately Baht 9,500-10,000 million with details as follows (unit: million Baht)</p> <ul style="list-style-type: none"> ● Stores expansion 3,400 - 3,600 ● Stores renovation 2,300 - 2,400 ● Investment in new project, subsidiaries and DC 3,000 - 3,100 ● Fixed assets and IT system 800 - 900 |

Please be informed accordingly.

Sincerely yours,

(Mr. Supot Shitgasornpongse)

Company Secretary

Authorized to sign on behalf of the Company