

9th of May 2013

To: The President of the Stock Exchange of Thailand

Ref: Reporting on Company's Financial Results for the first quarter of 2013.

Dear Sir,

Big C Supercenter PCL is pleased to report the results of its company and subsidiaries (the "Company") for the Q1 2013 that have been examined by our auditors.

The key highlights for the Q1 2013 consolidated financial results are as follows:

- Strong retail sales growth of +6.6% year-on-year arising from a combination of robust same-store-sales growth, new store openings during the quarter, and the full impact of new stores opened in 2012, in spite of a negative calendar impact;
- Good performance of the Company's shopping centers with a solid growth in rental and service income of +10.8% reflecting new shopping malls opened during Q1 2013 and full year 2012, and continued high occupancy rate.

With the promising results of the first 10 pilot Mini Big C stores in Bangchak filling station, the Company signed a mutually exclusive agreement with Bangchak Petroleum Pcl (BCP) on 2<sup>nd</sup> of April 2013, with a new objective of now opening up to 500 Mini Big C stores at Bangchak stations by 2018. During 2013, Big C aims to open 50-70 stores under this format.

During Q1 2013 the Company continued its expansion and opened 1 Big C Supercenter Hypermarket in Roi Et, 1 Big C Market in Cha Am, 32 Mini Big C (3 at Bangchak petroleum stations), and 4 Pure drugstores. These openings bring the total number of stores at the end of March 2013 to 114 Hypermarkets, 19 Big C Markets, 158 Mini Big C and 95 Pure drugstores.

The Company's performance during the Q1 2013 is due to the following financial highlights:

#### **1. Net Retail Sales**

Net retail sales for Q1 2013 amounted to Baht 28,431million for the Company and its subsidiaries, which represented an increase of Baht 1,750 million, or +6.6% over the same period last year. Retail sales growth in Q1 2013 was driven by a robust 2.4% same-store-sales growth, despite a negative calendar impact (one additional day of sales in 2012 on February 29<sup>th</sup>), and by the full operation of new stores opened during the Q1 2013 and during the year 2012.

During the Q1 2013, Big C continued its strategy of being a "fun retailer" by conducting exciting and innovative marketing campaigns to attract consumers through value for money, fun shopping atmosphere. Campaigns such as the Chinese New Year Promotion (during January-February), Big C Boiling Hot Mega Sale (March) and the organization of monthly Thai fruits fairs received very positive customer responses and led to firm same-store-sales growth.

#### **2. Rental and Service Income from tenants**

Rental and Service Income from tenants amounted to Baht 2,105 million in Q1 2013 which represented an increase of Baht 205 million or 10.8% over the same period last year. This increase resulted mainly from the additional lettable space as 2 new shopping malls were opened during Q1 2013 and 10 during 2012 (of which 9 opened during Q2 – Q4 2012), and from the continued successful management of lettable space.

### **3. Gross Profit**

The Company's gross profit in Q1 2013 was baht 3,973 million, a decrease of Baht -89 million or -2.2% over the same period last year. Comparison with Q1 2012 is optically affected by the high base in Q1 2012 due to the post-flood situation with insurance indemnity claimed by Big C to cover for the cost of issuing marketing coupons to sustain activity after the floods, and the incremental sales from 2,000 Baht coupons funded by the Thai government for the purchase of appliances.

### **4. Other Income**

Other Income mainly consists of advertising income which is charged to suppliers for the advertisement placed in brochures, insurance recovery and interest income. It amounted to Baht 928 million in Q1 2013, which represented a decrease of Baht -45 million over the last year. This is due to the insurance compensation income booked during Q1 2012 relating to the flooding during the last quarter of 2011.

### **5. Selling and Administration Expenses**

Selling and Administration Expenses amounted to Baht 4,986 million in Q1 2013, which represented an increase of 14.7% over the same period last year, and an increase of 4.4% from the previous quarter. This increase is due to the combination of several factors : two rounds of minimum wage increase (the first round took effect in April 2012 and the second round in January 2013), an increase in personnel expenses as store network expanded, an increase in utility expenses during 2012, and an increase in insurance premium starting July 2012. The increase in minimum wage is in parallel with a decrease in the corporate income tax rate from 30% to 20% in 2013. To mitigate the increase in operating expenses, the Company also implemented further cost control and productivity initiatives which will continue to ramp up during 2013.

### **6. Finance cost**

Finance cost for Q1 2013 decreased to Baht 261 million from Baht 353 million or -26.2% over the last year as a result of lower level of debt due to partial debt repayment during 2012 and January 2013.

### **7. Corporate tax**

The Company's corporate income tax for Q1 2013 amounted to Baht 359 million, a decrease of Baht -93 million compared to last year. The Company's effective tax rate in Q1 2013 was 20.4% compared to 20.3% in Q1 2012; while the corporate income tax rate was lowered down to 20% in Q1 2013, in Q1 2012 the Company benefited from the prior year deferred tax adjustment which lowered the effective tax rate below corporate tax rate of 23% in 2012.

### **8. Net Income**

Net income for the period of Q1 2013 was Baht 1,401 million, a decrease of Baht -380 million or -21.4% over the same period last year, a decrease resulting from the impact of the post flood related promotions during Q1 2012 as well as the increase of operating expenses not yet compensated by a cost saving programme in ramp-up phase.

Yours very truly,

Ms Rumpa Kumhomreun

CFO & Vice President of Accounting and Finance