

MC to Invest in Creating Brands and Expanding Sales Network Targeting 1,000 PoS in 2 Years Sustained its Profitability Pre Recovery in Retail, Announced Dividend Payment of 0.35 Baht/ Share

Bangkok, 13 February 2019 – MC Group Public Company Limited and its subsidiaries (“MC” or “the Company”) released its first 6-month (July-December 2018) net income of THB 284 mn., similar to the same period last year with gross profit margin which stood at 57.9% from 53.8% in the same period last year with net profit margin at 14.7%. , increased from 13.4% though sales revenue was reported at THB 1,914 mn. , slipped by 8.2% according to pricing and promotional strategies to be compatible with current situation pressured to retail industry. However, MC reached a resolution to pay an interim dividend at THB 0.35 per share.

For 2nd quarter of fiscal year 2019 (October – December 2018), the Company reported sales revenue of THB 1,099 mn., fall by 7.9% while gross profit margin rose from 54.3% to be 56.4% and net profit margin increased from 16.3% to be 17.0% with total net profit for this quarter of THB 190 mn. *(Remark: The Company had a resolution to change in accounting period starting from 1st January to 31st December of every year to the period from 1st July to 30th June of next year, starting from the period ended 30th June 2018 onward.)*

Khun Sunee Seripanu, Chief Executive Officer disclosed that “Thailand’s overall economic growth has continued to rely mainly on exports and tourisms which have withered under the weight of global uncertainties, e.g. economy and politics from powerful countries and disturbed by sharp decline in Chinese tourists in some periods. In addition, the overall retail industry has grown at declining and lower rate than GDP’s growth since year 2015. In the first half of year 2019, the big picture and direct impacts toward trade and investment are related to the political stability after the election, GDP (Gross Domestic Product) number, exports and public investments, tourisms, agricultural product prices including household debt to GDP accelerated at 78% due to mainly increasing of auto loan, home loan and personal loan.”

“The Company continues to make strategic investments in the light of an expected recovery of domestic economy during the latter half of 2019 in order to lay a strong business foundation for gaining competitive advantage, add value to its own brands for 3 product groups consisting of **denim product sales** under “Mc Jeans” brand through its collection of selvedge or self-edge or “red-edge” denim. This collection offers unique identity as it is made from sanforized denim of narrow and tightly woven fabrics processed under higher quality control compared to general fabrics. The edges of denim are woven with colored yarns that give it a sturdier hand. Selvedge has long been considered a premium feature of denim people seek after. Moreover, the Company also promoted its **non-denim or casual** wear products led by a new brand “U-P” with its 2nd collection of monochrome and pastel wears after its premiere during the end of 2018. This new collection is suitable for people with sport casual styles who prefer one-tone looks of monochrome or fresh and comfortable tones of pastel colors. Plus, the Company’s sales of **fashion**

accessories and personal care products are still growing continuously as the Company is dedicated to creating new products that fit lifestyles of consumers and appeal to their tastes.

Khun Budit Praditsuktavorn, Chief Financial Officer and Head of Business Development further stated that “The Company planned to **increase its same store sales** in a sustainable manner through 3 key strategies. (1) **Value creation and brand awareness building** using brand differentiation by promoting Mc’s DNA of authentic jeans through executing new marketing strategies. The Company recently allocated 20 million baht in marketing budget additional to its normal annual marketing budget of 200 million baht to conduct campaigns through points of sales in forms of Gift with Purchase, fun activities and special discounts. (2) **Introduction of products** that are in line with social trends and preferences of new generations of consumers in forms of both new innovations and special collections. For instance, The Company launched project “Mc X” offering “Black Valentines by Mc X Jindachot” collection with the popular siblings, Ploy and Sean Jindachot. (3) **Customer Relationship Management** that allows the Company to leverage on its existing 650,000 members of MC Club (as of 31 December 2018). The Company incessantly grows the membership of Mc customers and new customers which is expected to top 1 million members within a year. For this quarter, a **mobile application will be launched to enable effective campaigns** that are more suitable for target customer groups to improve information accessibility to be faster and more convenient anywhere at any time.”

“For **Omni-channel Strategy**, the Company adopted seamlessly connects all sales channels in a network. The Company has a plan to add 40 more points of sales in 12 months to reach 1,000 points of sales within the next 2 years through its “Mc” and “mcmc Outlet Store” located inside and outside PTT gas stations. Moreover, the Company will further develop its online marketplace “mcshop.com” by sourcing products from new business alliances who own world-leading brands that are popular among Thais and introducing to existing MC GROUP customer base of millions of people. The Company recently invested in “Mcmillion”, a integrated warehouse management and product delivery operator for e-commerce business to minimize delivery time for customers who make online purchases in order to support its long-term growth in the future.”

Khun Budit added that “The Company has a resolution to pay dividend at THB 0.35 per share and set its ex-dividend date on 1 March 2019. The dividend payment is scheduled on 12 March 2019”

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MC Group Public Company Limited manages sales and distribution of products mainly under its group of companies’ brands. At present, brands under MC GROUP consist of Mc, Mc Lady, Bison, Mc Mini, The Blue Brothers, mc mc, McT, U-P, and M&C. Each brand is positioned uniquely through its designs and features to respond to different tastes and lifestyles of target customers. Additionally, MC GROUP extended its product offering to imported fashion watch brands through its acquisition of 51% ownership in Time Deco Corporation Co., Ltd.

As of 31 December 2018, MC GROUP distributed all its products across 927 points of sales, consisting of 913 points of sales nationwide and 14 points of sales internationally.