



February 24, 2017

**Subject:** Explanation of the operating results for the year 2016 ended December 31, 2016

**To:** Director & Manager  
The Stock Exchange of Thailand

MK Restaurant Group Public Company Limited ("the company") and its subsidiaries are pleased to submit herewith the explanation of the operating results for the year 2016 ended December 31, 2016 as follows:

**Revenues from Sales and Services**

For the year 2016, the Company and its subsidiaries recorded revenues from sales and services of Baht15,115 million, up by Baht637 million or an increase of 4.4% as compared to last year. The increase was partly attributable to the continued expansion of MK Suki and Yayoi restaurant outlets, and partly to the increase of same-store sales. For the fourth quarter of 2016, revenues from sales and services registered a growth rate of 3.1% year-on-year to Baht3,777 million.

**Gross Profit**

Gross profit represents the difference between revenues from sales and services and costs of sales and services which included food costs and transportation and warehousing costs. For the year 2016, gross profit of the Company and its subsidiaries amounted to Baht10,163 million, or up by 6.6% year-on-year. Gross profit as a percentage of revenues from sales and services also increased from 65.9% for the year 2015 to 67.2% for the year 2016. The increase of gross profit as a percentage of revenues from sales and services was due largely to the lower costs of major raw materials.

Gross profit of the Company and its subsidiaries for the fourth quarter of 2016 amounted to Baht2,572 million, or up by 5.6% year-on-year. Gross profit as a percentage of revenues from sales and services also increased from 66.5% for the fourth quarter of 2015 to 68.1% for the same period of 2016.

**Selling and Administrative Expenses**

Selling and administrative expenses consist mainly of employee expenses, rents, utilities, advertising and sales promotion, restaurant supplies, depreciation and amortization. Selling and administrative expenses of the Company and its subsidiaries increased from Baht7,660 million for the year 2015 to Baht7,942 million for this year, or up by 3.7% year-on-year. Selling and administrative expenses as a percentage of total revenues slightly decreased from 51.3% for the year 2015 to 51.2% for the year 2016, owing mainly to the decrease of the provision of expenses related to Employee Stock Option Program, marketing expenses and utilities.

Selling and administrative expenses for the fourth quarter of 2016 amounted to Baht1,988 million, or up by 3.1% year-on-year. Selling and administrative expenses as a percentage of total revenues increased from 51.1% for the fourth quarter of 2015 to 51.5% for the same period of 2016, mainly due to the increase of salaries and wages.

**Net Profit**

As a result of the various factors which affected the operating results of the Company and its subsidiaries as mentioned above, net profit of the Company and its subsidiaries increased from Baht1,856 million for the year 2015 to Baht2,100 million for the year 2016, representing an increase of Baht244 million or up by 13.1%.

Net profit of the Company and its subsidiaries for the fourth quarter of 2016 amounted to Baht538 million, representing an increase of Baht44 million or up by 8.8% as compared to the same period of last year.

Yours sincerely,

(Mr.Rit Thirakomen)

Chief Executive Officer

MK Restaurant Group Public Company Limited