




INVESTOR PRESENTATION

Opportunity Day

May 17, 2017

TOG 
THAI OPTICAL GROUP

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AGENDA

1. Q1/2017 Results
2. Status of Rx Automation Project
3. TOG USA, Inc.
4. Q&A

AGENDA 1

Q1/2017 Results

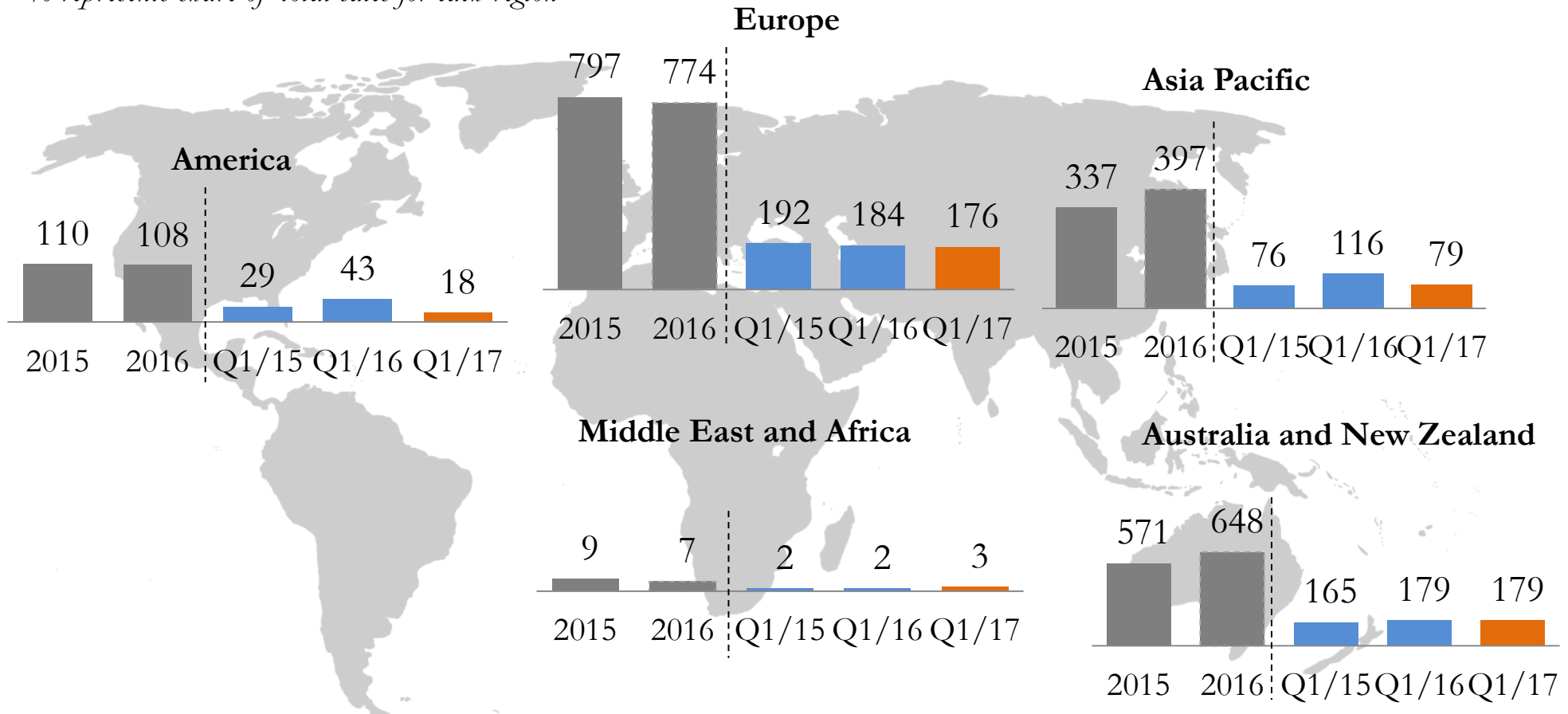
Q1/2017 RESULTS

<i>Unit: THB million</i>	Q1/2016	<i>Growth</i>	Q1/2017
Revenue from sales and services	523	-13.2%	454
Gross profits	150 (28.6%)	-17.0%	124 (27.3%)
Net Income	75 (14.4%)	-37.8%	47 (10.3%)
EBIT	94 (17.9%)	-39.5%	57 (12.5%)
EBITDA	131 (25.1%)	-28.5%	94 (20.7%)

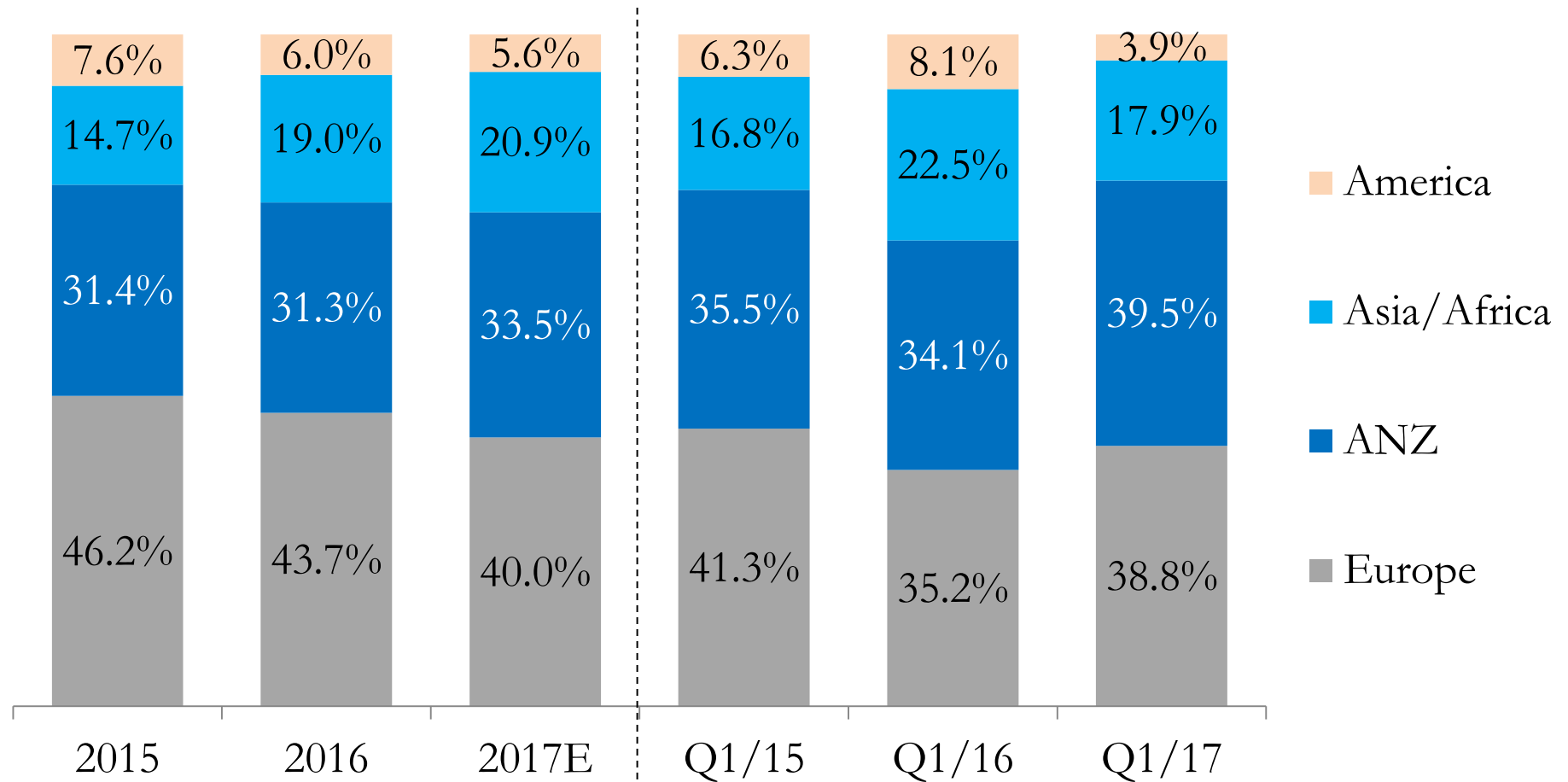
MAJOR SALES DROP IN ASIA PACIFIC & AMERICA

Unit: THB million

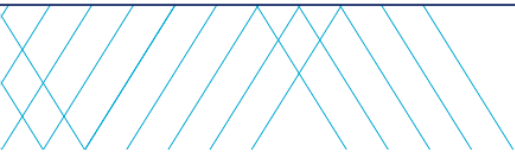
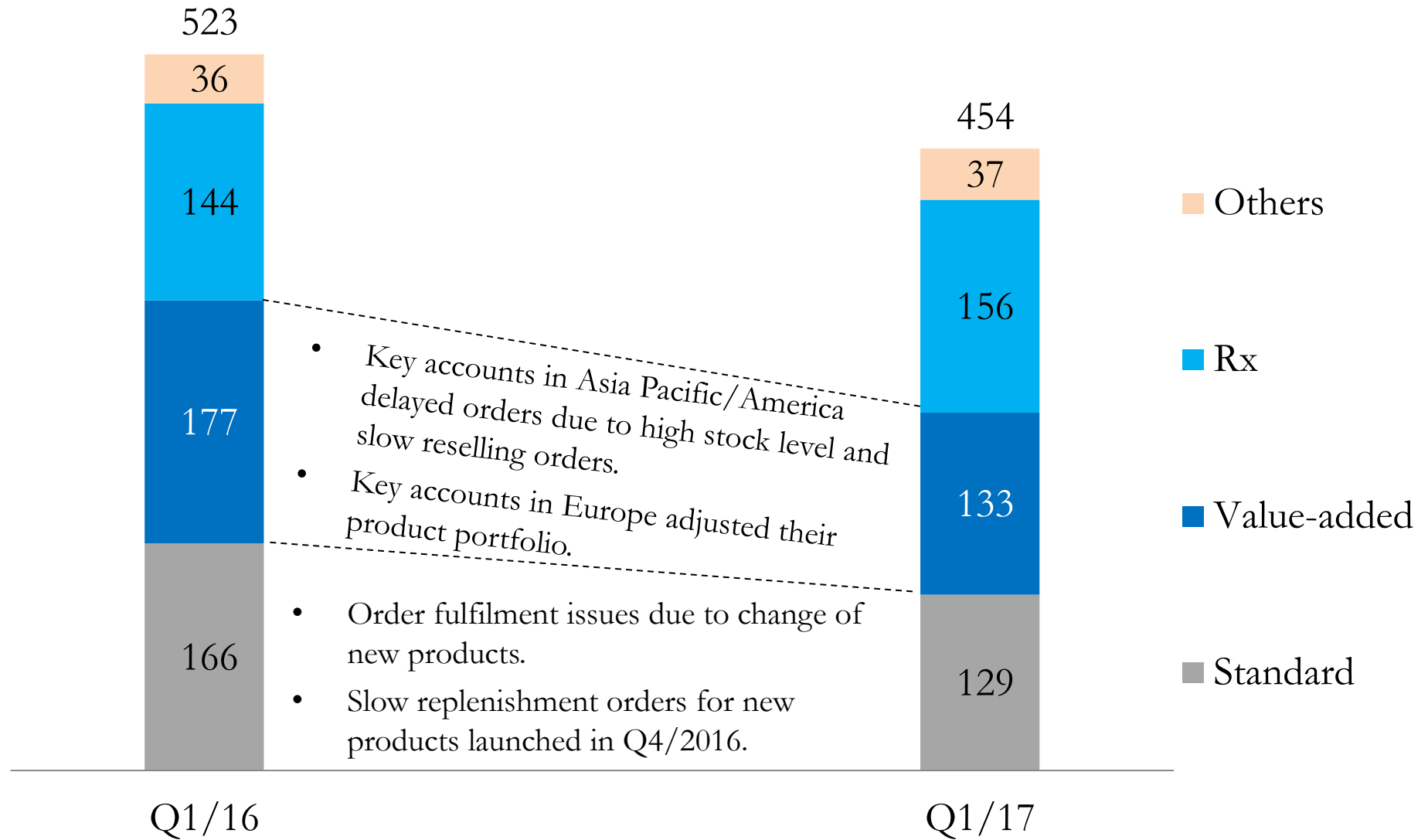
% represents share of total sales for each region



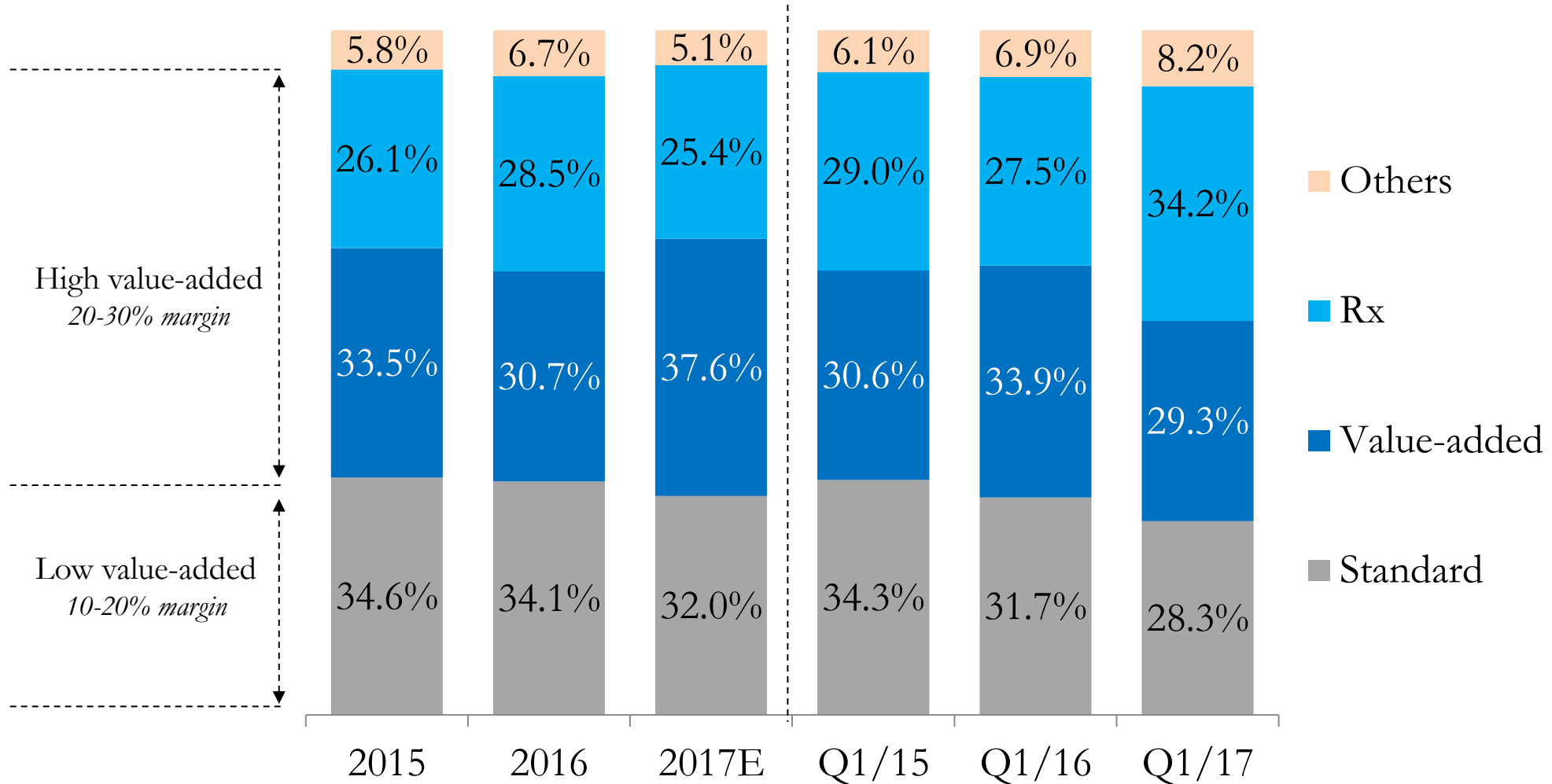
MAJOR SALES DROP IN ASIA PACIFIC & AMERICA



LOWER SALES IN VALUE-ADDED & STANDARD



LOWER SALES IN VALUE-ADDED & STANDARD



Q1/2017 RESULTS (CONSOLIDATED)

<i>Unit: THB million</i>	Q1/2016	<i>Growth</i>	Q1/2017
Revenue from sales and services	523	-13.2%	454
Gross profits	150 (28.6%)	-17.0%	124 (27.3%)
Net Income	75 (14.4%)	-37.8%	47 (10.3%)
EBIT	94 (17.9%)	-39.5%	57 (12.5%)
EBITDA	131 (25.1%)	-28.5%	94 (20.7%)

Q1/2017 RESULTS (TOG)

Unit: THB million

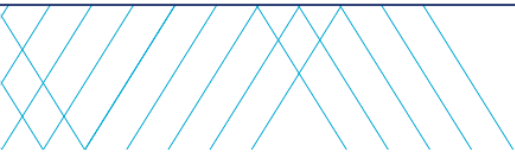
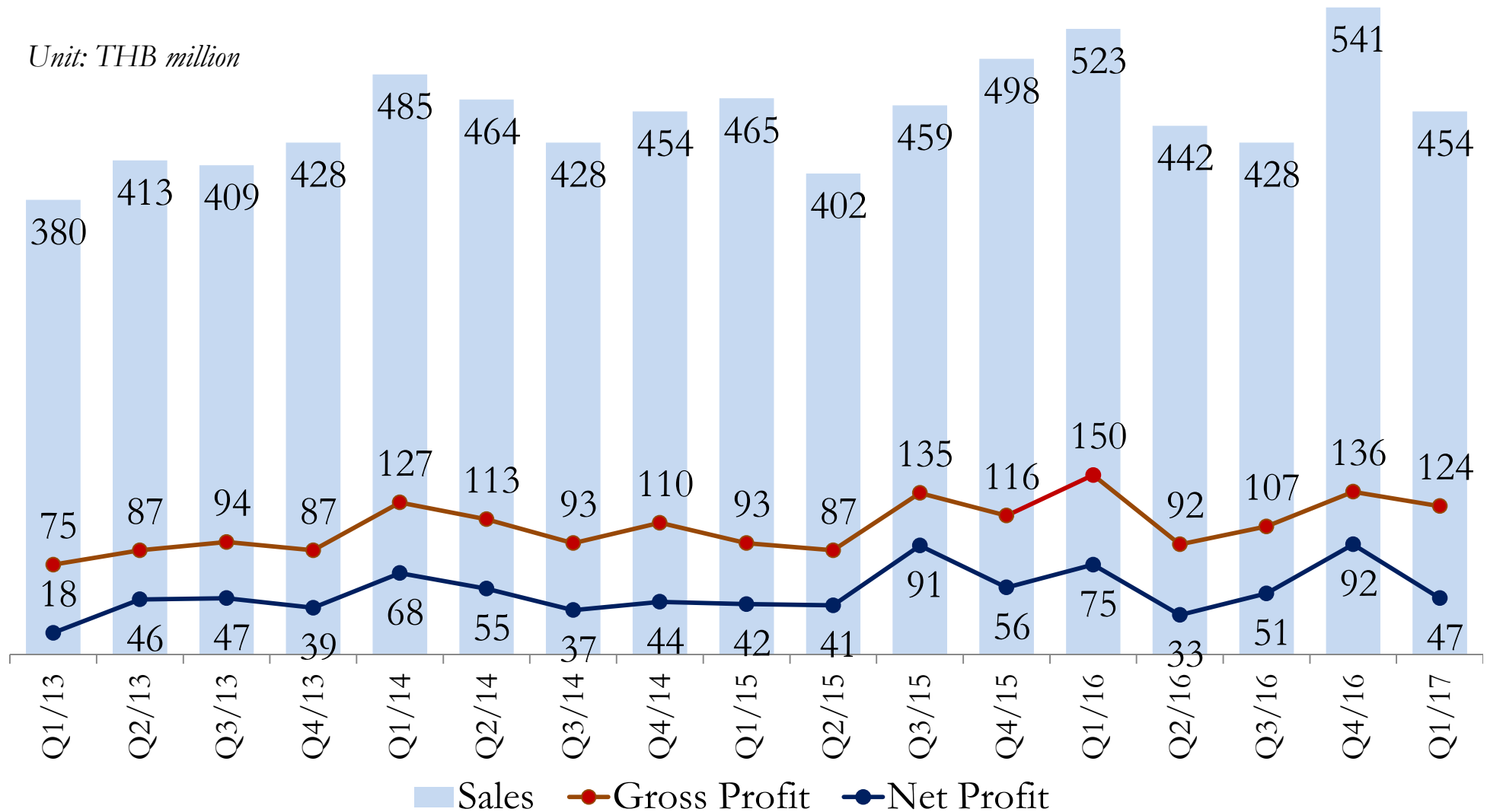
	Q1/2016	Growth	Q1/2017
Revenue from sales and services	335	-21.0%	264
Gross profits	71 (21.3%)	-54.6%	32 (12.3%)
Net Income	26 (7.8%)	-137.6%	-10 (-3.7%)
EBIT	33 (9.8%)	-147.1%	-15 (-5.8%)
EBITDA	57 (16.9%)	-82.1%	10 (3.8%)

KEY ISSUES OF CASTING BUSINESS

- **New products of standard product**
 - New products launched in Q1/2017 faced some technical issues (approx. THB 11 mil).
 - Slow replenishment orders for new products launched in Q4/2016.
- **Mold quality issues (approx. THB 13 mil)**
 - Recently migrated mold production unit in Jan 2017 was in ramp-up capacity and adjusting its output quality to meet the standard specification.
 - Unexpected incident of mold damages at casting production units.
- **SG&A expenses (approx. THB 9 mil increase from previous year)**
 - Increased personnel expenses.
 - Expanded sales team with more traveling budget.

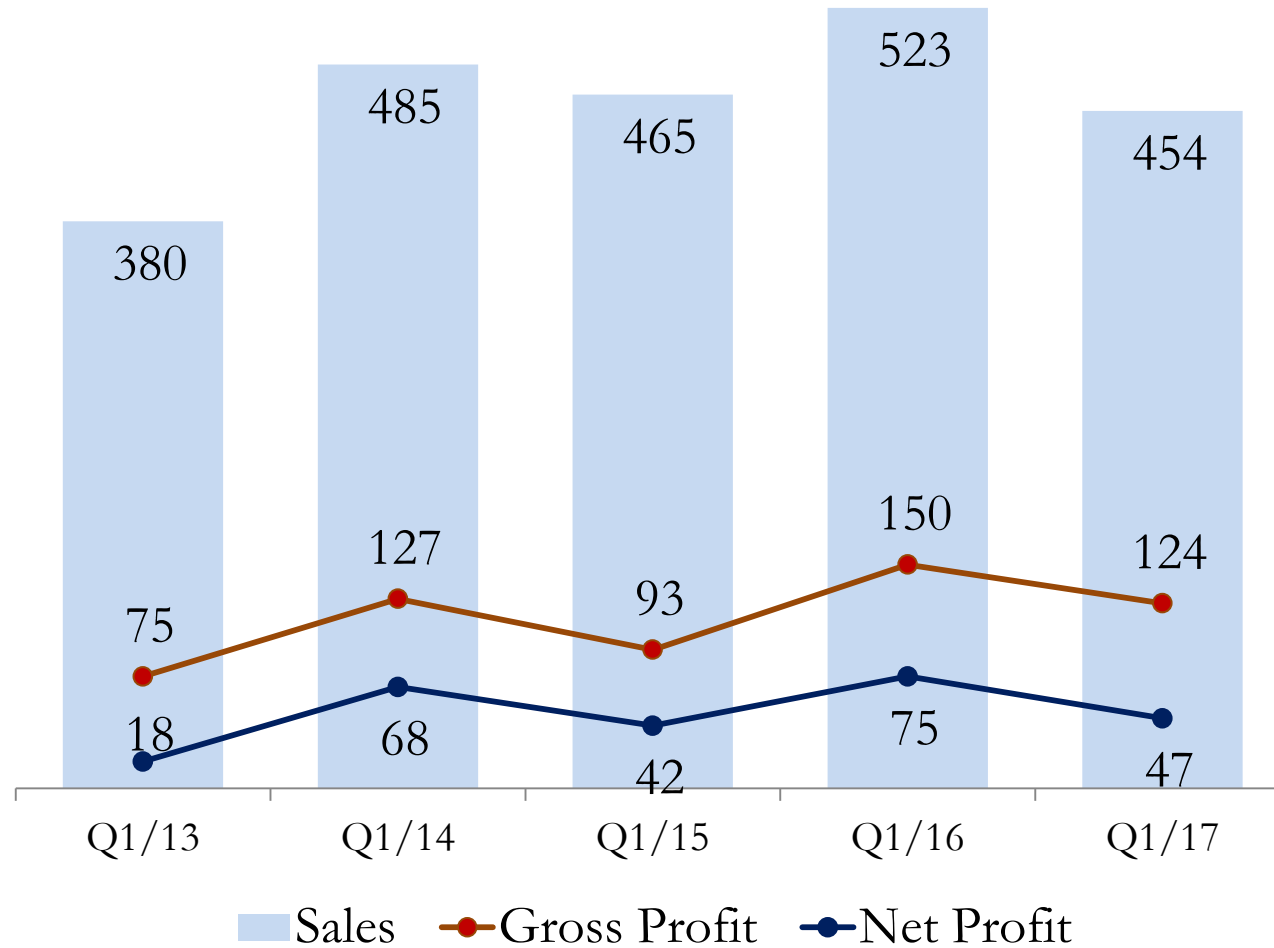
HISTORICAL QUARTERLY FINANCIALS

Unit: THB million



YEAR-ON-YEAR Q1 FINANCIALS

Unit: THB million



AGENDA 2

Status of Rx Automation Project

RX AUTOMATION PROJECT UPDATE

- The project is expected to be completed for commissioning within the approved budget (THB 420 mil).
- The project received the official approval from Board of Investment (5-year corporate tax exemption).
- First ramp up test of Surfacing Line is test-running at full capacity.
- One key machine was delayed in delivery from Feb to May 2017. As a result, the full plant testing is during July-Sep 2017.
- Official commencement of operation is set in Oct 2017.
- An application of the additional 2-year corporate tax exemption from investment in automation will be filed after the official commencement of operation.

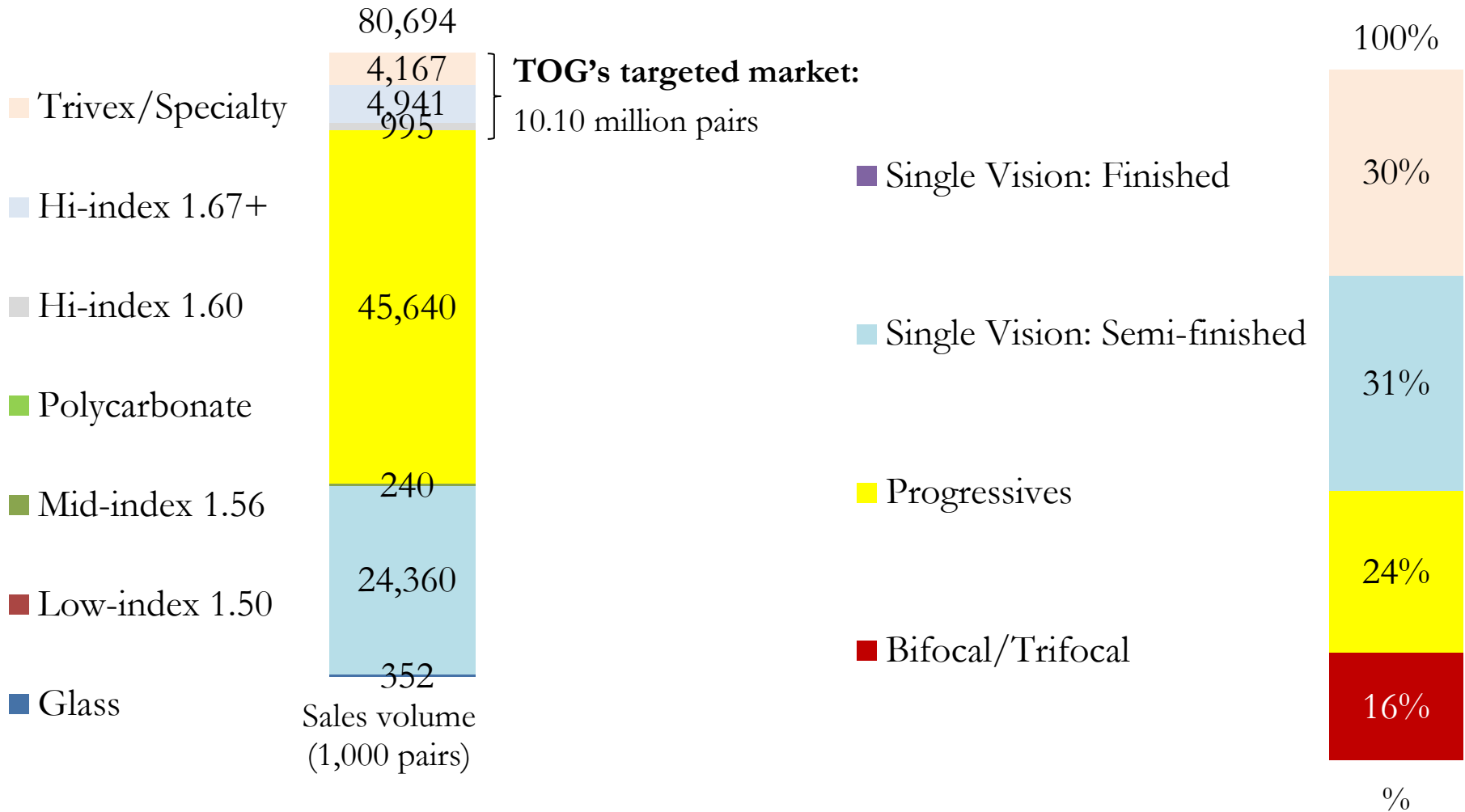
AGENDA 3

TOG USA, Inc.

PROJECT BACKGROUND

- **Currently, the majority of TOG's US business is the sales through large accounts consisting of:**
 - A large independent distribution network from which only their members could purchase
 - A large vision insurance company who only resells products to their partnered labs and partnered retail stores.
- **Typical transactions with large accounts are on a full-container ocean freight basis; small/medium accounts (including some potential large accounts) are unable to transact due to their capabilities to hold a limited level of inventory.**
- **Small/medium accounts currently purchase from TOG on an air freight/courier basis. Even though TOG's prices are competitive, delivery time from Bangkok to customers' doors usually take 5-7 business days.**
- **This limits TOG to grow business to small/medium accounts as TOG earlier expected.**

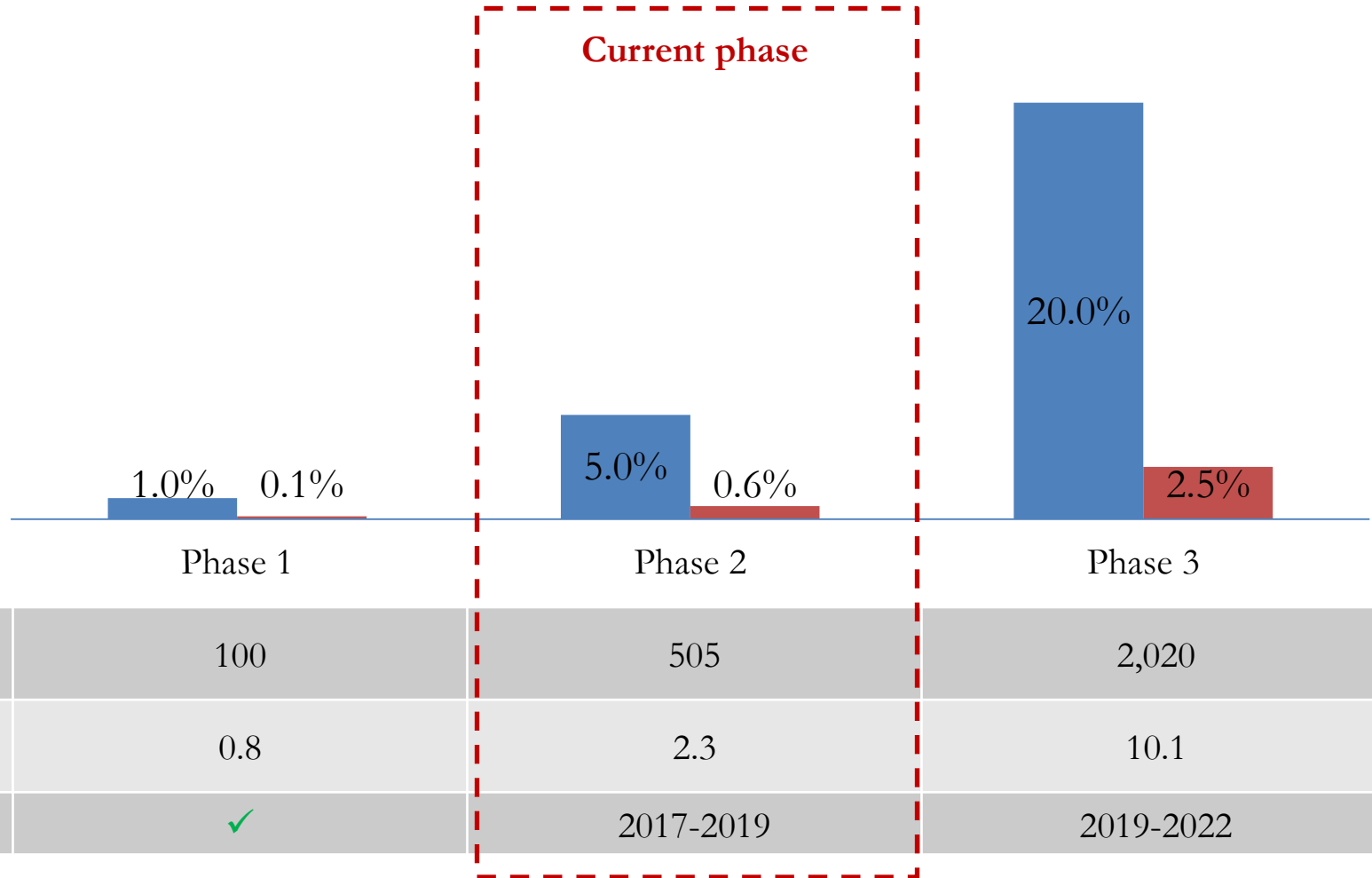
OPPORTUNITY FOR TOG IN US MARKET



Source: Vision Council

LONG-TERM GOAL

■ % share target of targeted market ■ % share target of total market

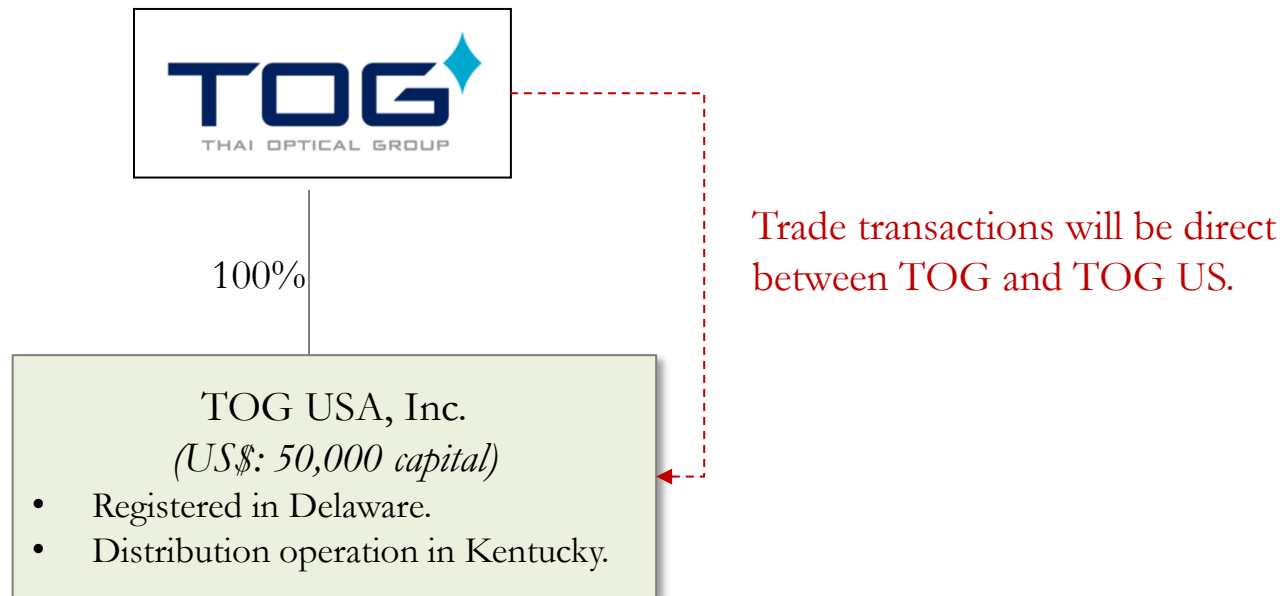


APPROACH FOR EACH PHASE

	<i>Phase 1</i>	<i>Phase 2</i>	<i>Phase 3</i>
Sales volume target <i>(1,000 pairs)</i>	101	505	2,020
Estimated sales <i>(US\$ mil)</i>	0.5	2.3	10.1
Status/Plan	✓	2017-2019	2019-2022
Approach	<ul style="list-style-type: none"> • Lowest fixed cost exposure - consultants only. • Establish Anchor customers with in-country inventory – Global (redistribution); VSP (lab network); larger labs able to stock ex. Robertson Atlanta; modify shipping terms to include air freight and air courier. 	<ul style="list-style-type: none"> • Minimum fixed cost exposure - establish a local DC via 3PL • Hire 1st employee – national sales account manager to focus on smaller labs and integrated retailers. 	<ul style="list-style-type: none"> • Establish complete TOG presence in USA with dedicated DC, admin and expanded sales team • Expand sales force to 3 sales managers covering regions and to 6 managers/ reps later. • Hire admin, warehouse, customer service staff (10 total).
Positioning		<ul style="list-style-type: none"> • Independent company • High quality product that results in improved yields and satisfied customers • Innovation with 1st to market specialty products 	<ul style="list-style-type: none"> • Independent company • High quality product that results in improved yields and satisfied customers • Innovation with 1st to market specialty products • High-value competitive pricing, and in-country inventory, service and personnel.

TOG USA, INC.

- As the business is not expected to be sizable enough to implement the multi-layer subsidiary structure, it is most efficient that TOG establishes a direct subsidiary in US.



BUSINESS OF TOG USA, INC.

TOG USA, Inc. as a distribution center for TOG in US.

- **Distributing SF blanks/FSV lenses to labs/distributors on the very competitive terms and pricing.**
- **Purchasing SF blanks/FSV lenses from TOG on the full-container ocean freight.**

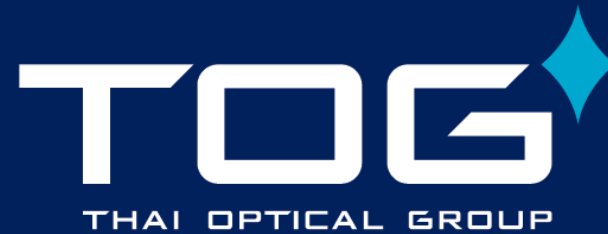
PROGRESS OF TOG USA, INC.

- **TOG USA, Inc. was established on April 7, 2017 as a Delaware corporation.**
- **In progress of ERP system implementation to suit the business plan; no full-time employees at the warehouse operation.**
- **Commencement of the operation is currently expected in Q3/17.**
- **From the commencement of operation until the end of 2017, TOG USA, Inc. will ensure the service level and minimal mishandling/human errors.**



AGENDA 4

Q&A



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