

Ocean Glass Public Company Limited

Management Discussion and Analysis

Consolidated Financial Results
For the period ended March 31, 2018

Operating Results

In the 1st quarter of 2018, Ocean Glass Public Company Limited and Subsidiaries (“the Company”) reported consolidated revenue of Baht 408.7 million, decreased by 20.7% compared with quarterly on quarterly (QoQ) due to the decrement of sale volume in B2B customers and slow sale in few countries. The Company’s gross profit demonstrated at 33.8% to sale value, declined from same quarter last year reported at 37.2% due to the increase in energy prices and Thai Baht appreciation against US Dollars. The Company reported total expenses of Baht 398.4 million, decreased by 16.5% compared with QoQ, mainly due to operating expense management and lower shutdown expense. As a result, the Company reported net profit of Baht 8.5 million, compared with last year same quarter at 23.1 million. Earnings per share presented at Baht 0.40.

Statement of Comprehensive Income

- **Total Revenues (Million Baht)**

	Quarterly		Change
	1/2018	1/2017	%
Sale			
Domestic Sale	106.6	136.8	(22.0)
Export Sale	295.2	376.0	(21.5)
Total Sale	401.8	512.8	(21.6)
Foreign Exchange Gain	6.1	1.0	533.3
Other Income	0.8	1.5	(45.9)
Total Revenues	408.7	515.3	(20.7)

The Company reported total sale revenues of Baht 401.8 million decreased by 21.6% compared with QoQ. Proportion of domestic sale was 26.5% while export sale was 73.5% of total sale. Domestic sale decreased by 22.0% due to lower sale volume in B2B domestic, while export sale decreased by 21.5%, due to lower sale volume in B2B International and slow sale in ASEAN and APAC. The Company reported gain from foreign exchange of Baht 6.1 million from foreign exchange hedging. Other income reported at Baht 0.8 million from scraps and molds sale during the period.

▪ **Total Expenses (Million Baht)**

	Quarterly		Change
	1/2018	1/2017	%
Cost of Goods Sold	266.1	321.8	(17.3)
Temporary Shutdown Expenses	15.7	33.2	(52.5)
Selling Expenses	86.3	86.4	(0.1)
Administrative Expenses	25.6	29.2	(12.2)
Finance Costs	4.7	6.7	(31.0)
Total Expenses	398.4	477.3	(16.5)

Total cost of goods sold reported at the amount of Baht 266.1 million, decreased by 17.3% compared with QoQ, which was in line with decrement in sale volume. The Company's selling expenses reported at Baht 86.3 million decreased by 0.1% compared with QoQ, mainly from decreased in transportation and commission expenses together with maintaining promotional and marketing expenses to strengthen relationship with customer and build brand awareness. The Company's administrative expenses reported at Baht 25.6 million decreased by 12.2% compared with QoQ. This is due to the decrease in write off obsolete finished goods and better control.

The Company reported shutdown expenses for inventory management against sales volume at Baht 15.7 million decreased by 52.5% compared with QoQ.

Statements of Financial Position as at March 31, 2018

	March 31, 2018 (Million Baht)	December 31, 2017 (Million Baht)	Change (%)
Current Assets	1,280.7	1,230.2	4.1
Non-Current Assets	1,835.8	1,822.3	0.7
Total Assets	3,116.5	3,052.5	2.1
Current Liabilities	726.3	644.1	12.8
Non-Current Liabilities	499.2	525.6	(5.0)
Total Liabilities	1,225.5	1,169.7	4.8
Total Shareholders' Equity	1,891.0	1,882.8	0.4
Current Ratio (times)	1.76	1.91	
Debt to Equity Ratio (times)	0.65	0.62	

As of March 31, 2018, total assets presented at Baht 3,116.5 million, increased by 2.1% comprised of current assets of Baht 1,280.7 million, increased by 4.1% mainly from inventories build up during this period. Non-current assets presented at Baht 1,835.8 million, increased by 0.7%, due to partially recording of warehouse construction during the period.

As of March 31, 2018, total liabilities presented at Baht 1,225.5 million, increased by 4.8%, mainly due to the increment of short-term loans during the period. Total shareholders' equity presented at Baht 1,891.0 million, increased by 0.4% from the recognition of net profit during the period.