

Ocean Glass Public Company Limited Management's Discussion and Analysis Performance for the Period Ended December 31, 2020

Operating Results

In 2020, Ocean Glass Public Company Limited and its subsidiaries ("the Company") reported consolidated revenues of Baht 1,116.00 million, decreased by 41.21% compared to last year. Sales revenues reported at Baht 1,111.68 million, decreased by 40.46%, majorly due to the Covid-19 pandemic situation causing economic crisis and disruption in tourism and hospitality industries resulting into lesser demand in the marketplace. Increased freight charges and lack of the container availability especially in the last quarter of 2020 caused further reduction in sales. Export sales declined by 43.10% while domestic sales declined by 33.19%. Domestic sales portion ended up at 29.82% and export sales stood at 70.18% of the total sales revenue.

The Company reported other income at Baht 4.32 million from mold supplier, transportation, sales of scraps, and obsolete equipment.

Gross profit margin increased from 33.48% to 36.46% from last year, due to favorable energy prices and improved production efficiency. Being in line with decreased sales, total expenses reduced by Baht 1,395.27 million, a decrease of 24.96% over 2019. The company could do so account of tight budget control; however, due to the increment of temporary shutdown expenses and the adjustment of severance payment for labor retirement benefits, the Company reported net loss of Baht 245.89 million. Loss per share reported at Baht 11.53.

Statement of Comprehensive Income

	2020 (Million Baht)	2019 (Million Baht)	Change (%)
Sales	1,111.68	1,867.21	(40.46)
- Domestic Sales	331.45	496.09	(33.19)
- Export Sales	780.23	1,371.12	(43.10)
Foreign exchange gain	-	21.69	(100.00)
Other income	4.32	9.53	(54.68)
Total revenues	1,116.00	1,898.43	(41.21)
Cost of goods sold	706.37	1,242.09	(43.13)
Temporary shutdown expenses	206.42	123.35	67.35

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	2020 (Million Baht)	2019 (Million Baht)	Change (%)
Loss on the decline in value of inventory	50.79	9.71	423.06
Selling expenses	227.48	311.03	(26.86)
Administrative expenses	144.92	173.16	(16.31)
Foreign exchange loss	59.29	-	100.00
Total expenses	1,395.27	1,859.34	(24.96)
Profit (loss) from operating activities	(279.27)	39.09	(814.30)
Finance costs	24.78	17.73	39.75
Profit (loss) before income tax expense	(304.05)	21.36	(1,523.27)
Income tax expense (income)	(58.16)	3.23	(1,901.11)
Net profit (loss) for the year	(245.89)	18.13	(1,455.99)
Other comprehensive income (loss) for the year, net of tax	218.98	(6.26)	3,595.34
Total comprehensive income (loss) for the year	(26.91)	11.87	(326.71)
Basic earnings (loss) per share (Baht)	(11.53)	0.85	(1,456.47)

- **Cost of goods sold**

Total cost of goods sold presented at Baht 706.37 million, decreased by 43.13% from last year along with the decline in sales value and favorable energy prices.

- **Temporary shutdown expenses**

Temporary shutdown for maintenance and inventory management caused expense of Baht 206.42 million, increased by 67.35% compared to the last year.

On July 13, 2020, the Company reported the Stock Exchange of Thailand regarding temporary shutdown of Crystalline Furnace (Furnace C) and Sodalime Furnace (Furnace B) for scheduled maintenance and inventory management. The shutdown period was from April, 2020 until 1st quarter of 2021. The temporary shutdown was not affect to supply chain and product delivery to customers.

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- **Loss on the decline in value of inventory**

The Company presented loss on the decline in value of inventory at Baht 50.79 million, increased by 423.06% due to provision of obsolete of raw material, over cullet used from production and long-aged finished products and spare parts.

- **Selling and administrative expenses**

Selling expenses presented at Baht 227.48 million decreased by 26.86%, and administrative expenses presented at Baht 144.92 million, decreased by 16.31% from the last year, respectively, in line with decline sale volume and operating expense controlled measurements. In 2019, the Company recognized the adjustment expense of severance payment for labor retirement benefits according to Labor Protection Act amounted Baht 22.87 million.

- **Foreign exchange loss**

Loss on foreign exchange presented at Baht 59.29 million, increase by 100.0% from forward contract.

- **Finance costs**

Finance costs presented at Baht 24.78 million, increased by 39.75% due to increment in interest expenses of loans.

- **Other comprehensive income (loss), net with tax**

Other comprehensive income presented at Baht 218.98 million, increased Baht 225.24 million from gain on land revaluation and the result of re-measurement of employee benefit obligation.

Statements of Financial Position as at December 31, 2020

	2020 (Million Baht)	2019 (Million Baht)	Change (%)
Current Assets	1,191.80	1,342.80	(11.25)
Non-Current Assets	2,248.00	1,886.40	19.17
Total Assets	3,439.80	3,229.20	6.52
Current Liabilities	1,004.90	966.20	4.01

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	2020 (Million Baht)	2019 (Million Baht)	Change (%)
Non-Current Liabilities	601.10	390.20	54.05
Total Liabilities	1,606.00	1,356.40	18.40
Total Shareholders' Equity	1,833.80	1,872.80	(2.08)
Total Liabilities and Shareholders' Equity	3,439.80	3,229.20	6.52

▪ Total Assets

As of 31 December 2020, total assets presented at Baht 3,439.80 million, increased by 6.52% as per details below:

- Cash and cash equivalent increased by 100.18% from short-term loans and draw down long-term loan as loan agreement in order to manager cash flow from operations, investment in assets and dividend payment during the year.
- Trade and other receivables decreased by 41.80%, from decline in sale value and advance payment for purchasing machine and equipment.
- Inventories decreased by 9.20% from reduce productivity of finished goods and recognized more provision on obsolete inventories.
- Property, plant and equipment increased by 18.13% from gain on land revaluation and the depreciation net with investment in machine and equipment assets during the year.
- Right-of-Use Assets amounted to Baht 38.86 million, according to TFRS16 – Leases.

▪ Total Liabilities

As of 31 December 2020, total liabilities presented at Baht 1,606.00 million, increased by 18.40%, from short-term and long-term loans and recognized lease liabilities according to TFRS No.16 - Leases

▪ Total Shareholders' Equity

Total shareholders' equity presented at Baht 1,833.80 million, decreased by 2.08% from net loss of the year, net with dividend payment, gain on land revaluation and the result of re-measurement of employee benefit obligation.

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Financial Ratio Analysis

Profitability Ratio	Unit	Jan – Dec 2020	Jan – Dec 2019
Gross Profit Margin	(%)	36.46	33.48
Operating Profit (Loss) Margin	(%)	(20.18)	0.42
Net Profit (Loss) Margin	(%)	(22.03)	0.96
Return on Equity	(%)	(13.27)	0.97
Basic Earnings (Loss) per Share	Baht/Share	(11.53)	0.85
Efficiency Ratio	Unit	Jan – Dec 2020	Jan – Dec 2019
Return on Assets	(%)	(8.38)	1.20
Liquidity Ratio	Unit	31 Dec 2020	31 Dec 2019
Current Ratio	Times	1.19	1.39
Quick Ratio	Times	0.26	0.34
Average Collection Period	Days	56	39
Inventory Days	Days	289	174
Accounts Payable Days	Days	60	44
Cash Cycle	Days	285	169
Leverage & Financial Policy	Unit	31 Dec 2020	31 Dec 2019
Debt to Equity Ratio	Times	0.88	0.72
Interest Coverage Ratio	Times	(4.22)	11.29
Debt Service Coverage Ratio	Times	(0.13)	0.60

According to the liquidity ratio and financial leverage policy, the analysis showed that the Company still has liquidity and sufficient cash for interest payment and other financial obligations. Moreover, the Company was able to maintain debt to equity ratio according to the restriction of long-term loans from local financial institutions.