

# Ocean Glass Public Company Limited

## Management Discussion and Analysis

Consolidated Financial Results  
For the period ended June 30, 2020

### Operating Results

#### 2<sup>nd</sup> Quarter 2019

In the 2<sup>st</sup> quarter of 2020, Ocean Glass Public Company Limited and its subsidiaries (“the Company”) reported consolidated revenues of Baht 189.4 million, decreased by 57.3% compared to the same quarter last year. Sales revenues reported at Baht 177.5 million, decreased by 57.3%. Export sales decreased by 59.5%, while domestic sales decreased by 49.0%. Majorly due to the Covid-19 pandemic situation that is continuing to affect core market such as China, ASEAN, and India.

The Company reported gain from foreign exchange hedging at Baht 11.1 million. Other income reported at Baht 0.8 million from transportation, sales of scraps, obsolete equipment.

Gross profit margin increased from 31.2% to 36.8% due to favorable energy prices. Total expenses were Baht 256.3 million, decreased by 44.1% through budget controlled measures. However, due to the increment of temporary shutdown furnace B and C for maintenance and inventory management, the Company reported net loss of Baht 54.4 million. Loss per share reported at Baht 2.55.

#### Six-Month Period

The Company reported consolidated revenues of Baht 455.4 million, decreased by 44.2%. Sales revenues reported Baht 453.5 million, decreased by 43.3%, Export sales decreased by 45.8%, while domestic sales decreased by 34.4%. The Company reported other income from transportation, sales of scraps, obsolete equipment reported at Baht 1.9 million.

Gross profit margin increased from 32.1% to 35.8% while total expenses were Baht 649.6 million, decreased by 26.6% through budget controlled measurement. Due to temporary shutdown furnace B and C on April and loss from foreign exchange hedging, the Company reported net loss of Baht 156.4 million. Loss per share presented at Baht 7.33.

## Statement of Comprehensive Income

### ■ Total Revenues (Million Baht)

	Quarterly		Change	Six-month End June 30,		Change
	2/2020	2/2019	%	2020	2019	%
Revenue from sales						
Domestic sales	45.6	89.4	(49.0)	116.6	117.8	(34.4)
Export sales	131.9	325.9	(59.5)	336.9	621.7	(45.8)
<b>Total revenue from sales</b>	<b>177.5</b>	<b>415.3</b>	<b>(57.3)</b>	<b>453.5</b>	<b>799.5</b>	<b>(43.3)</b>
Foreign exchange gain	11.1	8.3	34.7	-	11.6	(100.0)
Other income	0.8	2.5	(67.1)	1.9	4.3	(56.6)
<b>Total revenues</b>	<b>189.4</b>	<b>426.1</b>	<b>(55.5)</b>	<b>455.4</b>	<b>815.4</b>	<b>(44.2)</b>

### ■ Total Expenses (Million Baht)

	Quarterly		Change	Six-month End June 30,		Change
	2/2020	2/2019	%	2020	2019	%
Cost of goods sold	112.2	285.6	(60.7)	291.0	542.9	(46.4)
Temporary shutdown expenses	63.6	38.6	64.8	108.5	82.5	31.5
Allowance for the decline in value of inventory	4.2	1.7	146.9	10.1	3.0	240.4
Selling expenses	43.8	69.7	(37.2)	107.5	142.8	(24.7)
Administrative expenses	26.4	58.0	(54.4)	59.2	104.5	(43.3)
Foreign exchange loss	-	-	-	63.1	-	100.0
Finance costs	6.1	4.7	30.3	10.3	9.5	8.2
<b>Total expenses</b>	<b>256.3</b>	<b>458.3</b>	<b>(44.1)</b>	<b>649.6</b>	<b>885.1</b>	<b>(26.6)</b>

## **2<sup>nd</sup> Quarter 2020**

### **▪ Cost of Goods Sold**

Total cost of goods sold presented at Baht 112.2 million, decreased by 60.7% along with the decline in sales value and favorable in energy price.

### **▪ Temporary Shutdown Expenses**

Temporary shutdown for maintenance and inventory management causing expense of Baht 63.6 million, increased by 64.8% compared to the same quarter last year.

### **▪ Allowance for the Decline in Value of Inventory**

Allowance for the decline in value of inventory presented at Baht 4.2 million, increased by 146.9% due to write off obsolete raw material, provision of Crystalline cullet and provision of obsolete and long-aged finished products.

### **▪ Selling and Administrative Expenses**

Selling expenses presented at Baht 43.8 million, and administrative expenses presented at Baht 26.4 million, decreased by 37.2% and 54.4% respectively, due to expense controlled measurements.

### **▪ Finance Costs**

Finance costs presented at Baht 6.1 million, increased by 30.3% due to interest expenses of loans.

## **Six-Month Period**

### **▪ Cost of Goods Sold**

Total cost of goods sold presented at Baht 291.0 million, decreased by 46.4% along with the decline in sales value and favorable in energy price.

### **▪ Temporary Shutdown Expenses**

Temporary shutdown for maintenance and inventory management causing expense of Baht 108.5 million, increased by 31.5% from last year.

### **▪ Allowance for the Decline in Value of Inventory**

Allowance for the decline in value of inventory presented at Baht 10.1 million, increased by 240.38% due to write off obsolete raw material, provision of Crystalline cullet and provision of obsolete and long-aged finished products.

### **▪ Selling and Administrative Expenses**

Selling expenses presented at Baht 107.5 million, and administrative expenses presented at Baht 59.2 million, decreased by 24.7% and 43.3% respectively, from expense controlled measurements.

### **▪ Finance Costs**

Finance costs presented at Baht 10.3 million, increased 8.2% due to interest expenses of loans.

## Statements of Financial Position as at June 30, 2020

	June 30, 2020 (Million Baht)	December 31, 2019 (Million Baht)	Change (%)
Current Assets	1,443.6	1,342.8	7.5
Non-Current Assets	2,287.5	1,886.4	21.3
<b>Total Assets</b>	<b>3,731.1</b>	<b>3,229.2</b>	<b>15.5</b>
Current Liabilities	1,186.7	966.2	22.8
Non-Current Liabilities	632.9	390.2	62.2
<b>Total Liabilities</b>	<b>1,819.6</b>	<b>1,356.4</b>	<b>34.2</b>
<b>Total Shareholders' Equity</b>	<b>1,911.4</b>	<b>1,872.8</b>	<b>2.1</b>
Current Ratio (times)	1.22	1.39	
Debt to Equity Ratio (times)	0.95	0.72	

### Total Assets

As of June 30, 2020, total assets presented at Baht 3,731.1 million, increased by 15.5%. Current assets were Baht 1,443.6 million, increased by 7.5% from cash at bank due to draw down long-term loan from financial institution and increment in inventory. Non-current assets presented at Bath 2,287.5 million, increase by 21.3% from gain on land revaluation and recognition of Right-of-Use Assets, according to TFRS16 - Leases, amounted Baht 46.2 million.

### Total Liabilities

Total liabilities presented at Baht 1,819.6 million, increased by 34.2% from short-term and long-term loans and the recognition of lease liabilities according to TFRS No.16 - Leases.

### Total Shareholders' Equity

Total shareholders' equity presented at Baht 1,911.4 million, increased by 2.1% from the recognition of operating loss net with gain from land revaluation and dividend payment.