

# Ocean Glass Public Company Limited

## Management Discussion and Analysis

### Consolidated Financial Results

#### For the period ended September 30, 2016

## Business Overview

In the third quarter of 2016, Ocean Glass Public Company Limited and Subsidiaries (“the Company”) reported consolidated revenue of Baht 564.8 million, increased by 10.9 % compared with 3Q15, under the midst of price competition in the table glassware market. The Company’s gross profit demonstrated at 37.8% of sales value, decreased by 5.8% mainly from the effect from price competition in the glassware market while total expenses, Baht 526.1 million increased by 16.8%, mainly due to the increment of shutdown expenses. In overall, the Company reported net loss of Baht 35.3 million, decreased by 17.4% compared with 3Q15. Profit per share presented at Baht 1.66.

For the nine-month of 2016, the Company reported consolidated revenue of Baht 1,394.5 million, increased by 4.7% compared with 9M15. The Company’s gross profit demonstrated at 39.6% of sales value, decreased by 2.3% compared with 9M15. The Company reported total expenses of Baht 1,364.1 million, increased by 7.5%, mainly from selling and shutdown expenses. As a result, the Company had net profit of Baht 28.4 million while, 9M15, the Company had net profit Baht 44.0 million, decreased by 35.4%. Profit per share presented at Baht 1.33.

## Statement of Comprehensive Income

- **Total Revenues (Million Baht)**

	Quarterly		Change	Nine-month End September 30		Change
	3/2016	3/2015	%	2016	2015	%
Sales						
Domestic sales	139.9	115.7	21.0	378.4	335.9	12.6
Export sales	421.9	400.0	5.5	1,004.2	1,001.2	0.3
Total Sales	561.8	515.6	9.0	1,382.6	1,337.1	3.4
Foreign exchange gain (loss)	0.5	(7.1)	(93.4)	8.0	(7.7)	3.2
Other income	2.5	0.9	190.3	3.9	2.5	58.7
<b>Total revenues</b>	<b>564.8</b>	<b>509.4</b>	<b>10.9</b>	<b>1,394.5</b>	<b>1,331.9</b>	<b>4.7</b>

In the third quarter of 2016, the Company reported total sales revenues of Baht 561.8 million,

increased by 9.0% compared with 3Q15. Proportion of domestic sales was 24.9% and export sales was 75.1%. Domestic sales increased by 21.0% from growth of crystal glass in Foods service channel which from their business expansion and export sales increased by 5.5% primary from the economics growth among Asean country.

For the nine-month period, the Company reported total sales revenues of Baht 1,382.6 million, increased by 3.4% compared with 9M15. Proportion of domestic sales was 27.4% and export sales was 72.6%. Domestic sales increased by 12.6% mainly from growth in B2B and Foods service channels who buy for promotional campaign and business expansion respectively, while export sales increase by 0.3% from competition in export market.

The Company reported gain from foreign exchange of Baht 8.0 million due to foreign exchange hedging.

▪ **Total Expenses (Million Baht)**

	Quarterly		Change	Nine-month End September 30		Change
	3/2016	3/2015	%	2016	2015	%
Cost of sales	349.3	290.4	20.3	835.6	778.0	7.4
Selling expenses	90.9	85.0	6.9	280.7	243.4	15.3
Administrative expenses	28.4	33.6	(15.6)	79.4	83.8	(5.2)
Shutdown expenses	49.4	31.1	58.8	142.7	132.0	8.1
Finance costs	8.2	10.3	(19.9)	25.6	32.3	(20.6)
<b>Total expenses</b>	<b>526.1</b>	<b>450.4</b>	<b>16.8</b>	<b>1,364.1</b>	<b>1,269.5</b>	<b>7.5</b>

In the third quarter of 2016, total cost of goods sold reported at Baht 349.3 million, increased by 20.3% compared with 3Q15, mainly due to the increment of energy cost. Selling expenses presented at Baht 90.9 million, increased by 6.9% from promotional expenses in order to boost sales during the third quarter of 2016, transportation expense which from new business model in China. Administrative expenses presented at Baht 28.4, increased by 15.6%.

For the nine-month period, total cost of goods sold reported at Baht 835.6 million, increased by 7.4% compared with 9M15. Selling expenses presented at Baht 280.7 million, increased by 15.3% mainly from new

business model in China. Administrative expenses presented at Baht 79.4 million, decreased by 5.2%. Shutdown expenses reported at Baht 142.7 million, increased by 8.1% compared with 9M15, due to the inventory management policy.

In addition, finance costs were decreased by 20.6% which from the Company continuously generated cash inflow from operating activities to support long-term loan repayment.

### **Statements of Financial Position as at September 30, 2016**

	<b>September 30, 2016 (Million Baht)</b>	<b>December 31, 2015 (Million Baht)</b>	<b>Change (%)</b>
Current assets	1,308.0	1,469.9	(11.0)
Non-current assets	1,688.8	1,721.1	(1.9)
<b>Total assets</b>	<b>2,996.8</b>	<b>3,191.0</b>	<b>(6.1)</b>
Current liabilities	619.2	699.5	(11.5)
Non-current liabilities	749.1	825.5	(9.3)
<b>Total liabilities</b>	<b>1,368.3</b>	<b>1,524.9</b>	<b>(10.3)</b>
<b>Total shareholders' equity</b>	<b>1,628.5</b>	<b>1,666.1</b>	<b>(2.3)</b>
Current Ratio (times)	2.11	2.10	
Debt to Equity Ratio (times)	0.84	0.92	

As of September 30, 2016, total assets presented at Baht 2,996.8 million, decreased by 6.1%. Current Assets presented at Baht 1,308.0 million, decreased by 11.0% due to the decrement from account receivable while non-current assets presented at Baht 1,688.8 million, decreased by 1.9% due to the recognition of depreciation. Total liabilities presented at Baht 1,368.3 million, decreased by 10.3% mainly from long-term loan repayment which related to the decrement of finance costs. Total shareholders' equity presented at Baht 1,628.5 million, decreased by 2.3% which was the net result in the recognition of net profit during the nine-month period and dividend payment to shareholders from last year performance.