

Ocean Glass Public Company Limited

Management Discussion and Analysis

Consolidated Financial Results
For the period ended March 31, 2019

Operating Results

In the 1st quarter of 2019, Ocean Glass Public Company Limited and its subsidiaries (“the Company”) reported consolidated revenues of Baht 389.3 million, decreased by 4.7% compared to the same quarter last year. Sales revenues reported at Baht 384.2 million, decreased by 4.4% mostly due to slower sales in institutional sector and domestic market while export sales grew by 0.2% by strengthening distribution channels in countries beyond core markets.

The Company reported gain from foreign exchange hedging at Baht 3.3 million. Other income from sales of scraps, obsolete machine and equipment reported at Baht 1.8 million.

Gross profit was down from 35.2% to 33.1% due to the increase in energy costs. Total expenses were Baht 426.8 million, increased by 7.1% mainly due to writing-off obsolete assets caused by the temporary shutdown of furnace for scheduled maintenance. Expense for the temporary shutdown of furnace stood at Baht 43.9 million. As a result, the Company reported net loss of Baht 30.7 million decrease from same quarter last year Bath 39.2 million. Loss per share was Baht 1.44.

Statement of Comprehensive Income

- **Total Revenues (Million Baht)**

	Quarterly		Change
	1/2019	1/2018	%
Sales			
Domestic Sales	88.4	106.6	(17.1)
Export Sales	295.8	295.2	0.2
Total Sales	384.2	401.8	(4.4)
Foreign Exchange Gain	3.3	6.1	(45.7)
Other Income	1.8	0.8	122.4
Total Revenues	389.3	408.7	(4.7)

Total Expenses (Million Baht)

	Quarterly		Change
	1/2019	1/2018	%
Cost of Goods Sold	257.2	260.5	(1.2)
Temporary Shutdown Expenses	43.9	15.7	178.3
Allowance for the decline in value of inventory	1.3	1.2	4.4
Selling Expenses	73.1	83.7	(12.7)
Administrative Expenses	46.5	32.6	42.5
Finance Costs	4.8	4.7	4.0
Total Expenses	426.8	398.4	7.1

Total cost of goods sold reported at Baht 257.2 million, decreased by 1.2% which was in line with volume of sales. Selling expenses reported at Baht 73.1 million, decreased by 8.9% from expenses control initiatives. The administrative expenses reported at Baht 46.5 million, increased by 42.5% due to write off the obsolete assets from furnace maintenance and employee expenses.

The Company separately reported allowance for the decline in value of inventory from cost of goods sold. The amount was reported at Baht 1.3 million, increased by 4.4% from obsolete and long-aged finished.

Details of the temporary shutdown expenses for furnace maintenance and inventory management are given below:

- Temporarily shutdown for maintenance of Soda-Lime Furnace A at Baht 14.2 million
- Temporarily shutdown for maintenance of Soda-Lime Furnace B at Baht 12.7 million
- Temporarily shutdown of machines for the inventory management at Baht 17.0 million

Finance costs came at at Baht 4.8 million, increased by 4.0% due to interest expenses of short-term loans.

Statements of Financial Position as at March 31, 2019

	March 31, 2019 (Million Baht)	December 31, 2018 (Million Baht)	Change (%)
Current Assets	1,248.1	1,336.0	(6.6)
Non-Current Assets	1,927.0	1,929.9	(0.2)
Total Assets	3,175.1	3,265.9	(2.8)
Current Liabilities	1,038.6	1,093.4	(5.0)
Non-Current Liabilities	294.0	299.4	(1.8)
Total Liabilities	1,332.6	1,392.8	(4.3)
Total Shareholders' Equity	1,842.5	1,873.1	(1.6)
Current Ratio (times)	1.20	1.22	
Debt to Equity Ratio (times)	0.72	0.74	

As of March 31, 2019, total assets presented were Baht 3,175.1 million, decreased by 2.8%. Current assets were Baht 1,248.1 million, decreased by 6.6% from trade accounts receivable. Non-current assets presented at Baht 1,927.0 million, decreased by 0.2% from outside warehouse and B2B cash deposit received.

As of March 31, 2019, total liabilities presented at Baht 1,332.6 million, decreased by 4.3% due to trade payables, net of cash received of short-term loans and repayment of long-term loans. Total shareholders' equity presented at Baht 1,842.5 million, decreased by 1.6% from the recognition of net loss during the period.