

# Ocean Glass Public Company Limited

## Management Discussion and Analysis

Consolidated Financial Results  
For the period ended June 30, 2017

### Operating Results

In the 2<sup>nd</sup> quarter of 2017, Ocean Glass Public Company Limited and Subsidiaries (“the Company”) reported consolidated revenues of Baht 499.1 million, increased by 15.6% compared with quarterly on quarterly (QoQ). The Company’s gross profit demonstrated at 33.6% to sales value, declined from QoQ which reported at 39.7%. The decrement was due to the selling of decorative items continuously grew from the 1<sup>st</sup> quarter. The Company reported total expenses and cost of Baht 489.0 million, increased by 10.4% compared with QoQ, mainly due to the increment of cost of goods sold in line with sales increased. As a result, the Company reported net profit of Baht 6.6 million or increased Baht 15.1 million, compared with QoQ. Earnings per share presented at Baht 0.31.

In the six-month period of 2017, the Company reported consolidated revenues of Baht 1,014.4 million, increased by 22.3% compared with 6M16. The Company’s gross profit demonstrated at 35.5% to sales value, declined from 6M16 which reported at 40.7%. The Company reported total expenses and cost of Baht 966.3 million, increased by 15.3% compared with 6M16. As a result, the Company reported net profit of Baht 38.2 million or increased Baht 45.2 million, compared with 6M16. Earnings per share presented at Baht 1.79.

### Statement of Comprehensive Income

- **Total Revenues (Million Baht)**

	Quarterly		Change	Six-month End June 30,		Change
	2/2017	2/2016	%	2017	2016	%
Revenue from sales						
Domestic sales	104.6	117.8	(11.2)	241.4	238.5	1.2
Export sales	391.0	310.4	26.0	767.1	582.3	31.7
<b>Total revenue from sales</b>	<b>495.6</b>	<b>428.2</b>	<b>15.8</b>	<b>1,008.5</b>	<b>820,8</b>	<b>22.9</b>
Foreign exchange gain (loss)	2.3	2.7	(16.2)	3.3	7.5	(56.6)
Other income	1.2	0.8	47.6	2.6	1.4	88.7
<b>Total revenues</b>	<b>499.1</b>	<b>431.7</b>	<b>15.6</b>	<b>1,014.4</b>	<b>829.7</b>	<b>22.3</b>

In the 2<sup>nd</sup> quarter of 2017, the Company reported total revenues from sales of Baht 495.6 million, increased by 15.8% compared with QoQ. Proportion of domestic sales was 21.1% and export sales was 78.9% of total sales. Domestic sales decreased by 11.2%, mainly due to high competition in local market, while export sales increased by 26.0%, primary from sales growth in ASEAN, China, and India.

In the six-month period of 2017, The Company reported total revenues from sales of Baht 1,008.5 million, increased by 22.9% compared with 6M16. Proportion of domestic sales was 23.9% and export sales was 76.1% of total sales. Domestic sales increased by 1.2%, , while export sales increased by 31.7%, from the continuous grew in Core Market and B2B International.

The Company reported gain from foreign exchange rate in 2Q17 and 6M17 in the amount of Baht 2.3 million and Baht 3.3 million, respectively, primarily due to foreign exchange hedging. Other income in 2Q17 and 6M17 reported Baht 1.2 million and Baht 2.6 million, respectively, comprised of sales of cullet and recognized revenues from mold supplies during the period.

▪ **Total Expenses (Million Baht)**

	Quarterly		Change	Six-month End June 30,		Change
	2/2017	2/2016	%	2017	2/2017	2/2016
Cost of goods sold	329.1	258.0	27.5	650.9	486.4	33.8
Temporary shutdown expenses	39.5	57.9	(31.8)	72.7	93.3	(22.1)
Selling expenses	84.8	91.7	(7.5)	171.1	189.9	(9.9)
Administrative expenses	29.5	27.0	9.4	58.7	51.0	15.1
Finance costs	6.1	8.4	(27.5)	12.9	17.4	(25.9)
<b>Total expenses</b>	<b>489.0</b>	<b>443.0</b>	<b>10.4</b>	<b>966.3</b>	<b>838.0</b>	<b>15.3</b>

In the 2<sup>nd</sup> quarter of 2017, total cost of goods sold reported at the amount of Baht 329.1 million, increased by 27.5% compared with QoQ, in line with incremental in sales volume. The Company's selling expenses reported at Baht 84.8 million decreased by 7.5% compared with QoQ, primarily due to the marketing expenses control, while administrative expenses reported at Baht 29.5 million, increased by 9.4% compared with QoQ, primarily due to write off obsolete inventories during the period.

The Company reported shutdown expenses for inventory management against sales volume in 2Q17 at Baht 39.5 million decreased by 31.8% compared with QoQ.

For six-month period of 2017, total cost of goods sold reported at the amount of Baht 650.9 million, increased by 33.8% compared with 6M16, in line with incremental in sales volume. The Company's selling expenses reported at Baht 171.1 million decreased by 9.9% compared with 6M16, primarily due to the expense control, while administrative expenses reported at Baht 58.7 million, increased by 15.1% compared with 6M16, primarily due to write off obsolete inventories.

The Company reported shutdown expenses for inventory management against sales volume in 6M17 at Baht 72.7 million decreased by 22.1% compared with 6M16.

Finance costs in 2Q17 and 6M17 decreased by 27.5% and 25.9%, respectively, due to the repayment of long-term loan.

### Statements of Financial Position as at June 30, 2017

	June 30, 2017 (Million Baht)	December 31, 2016 (Million Baht)	Change (%)
Current Assets	1,238.6	1,360.2	(8.9)
Non-Current Assets	1,832.8	1,665.6	10.0
<b>Total Assets</b>	<b>3,071.4</b>	<b>3,025.8</b>	<b>1.5</b>
Current Liabilities	632.4	641.9	(1.5)
Non-Current Liabilities	580.4	689.3	(15.8)
<b>Total Liabilities</b>	<b>1,212.8</b>	<b>1,331.2</b>	<b>(8.9)</b>
<b>Total Shareholders' Equity</b>	<b>1,858.6</b>	<b>1,694.6</b>	<b>9.7</b>
Current Ratio (times)	1.96	2.12	
Debt to Equity Ratio (times)	0.65	0.79	

As of June 30, 2017, total assets presented at Baht 3,071.4 million, increased by 1.8% comprised of current assets of Baht 1,238.6 million, decreased by 8.9%, primarily due to cash received from trade and other receivables during the period, and the decrement of cash and cash equivalent came from repayment of short-term and long-term loans. Non-current assets presented at Baht 1,832.8 million, increased by 10.0%, due to the recording of fair value on land which determined by Independent appraiser during the period.

As of June 30, 2017, total liabilities presented at Baht 1,212.8 million, decreased by 8.9%, mainly due to repayments of short-term and long-term loans during the period. Total shareholders' equity presented at Baht 1,858.6 million, increased by 9.7% from the recognition of gain on land revaluation and net profit for the period net of dividend payment during the period.