

# Ocean Glass Public Company Limited

## Management Discussion and Analysis

Consolidated Financial Results  
For the period ended June 30, 2018

### Operating Results

In the 2<sup>nd</sup> quarter of 2018, Ocean Glass Public Company Limited and Subsidiaries (“the Company”) reported consolidated revenues of Baht 493.5 million, decreased by 1.1% compared to the same quarter last year. Total sale was Baht 495.2 million, decreased by 0.1%. The contributions were from domestic sales 24.2% and export sales 75.8%. Gross profit was down from 33.6% to 25.8% due to low margin sale to B2B coupled with the increase in raw material and energy costs. Total expense was Baht 504.6 million, increased by 3.2% mainly due to writing off the obsolete finished goods. As a result, the company reported net loss of Baht 8.1 million compared with a profit of Baht 6.6 million in the same quarter last year. Loss per share was Baht 0.38.

In the six-month period, the Company reported consolidated revenues of Baht 902.2 million, decreased by 11.1%. The oversupply situation in glassware products from China, Indonesia, Turkey, Europe, and high price competitiveness limited sale to Baht 897.0 million, decreased by 11.1%. Sales contributions were from domestic sales 25.2% and export sales 74.8%. Gross profit was down from 35.5% to 29.4% due to low margin sales to B2B and Thai Baht appreciation against US dollar in the first quarter. The Company reported total expenses of Baht 903.0 million, decreased by 6.6%. As a result, the Company reported net profit of Baht 0.4 million, decreased Baht 37.9 million. Earnings per share presented at Baht 0.02.

### Statement of Comprehensive Income

▪ **Total Revenues (Million Baht)**

	Quarterly		Change	Six-month End June 30,		Change
	2/2018	2/2017	%	2018	2017	%
Revenue from sales						
Domestic sales	119.8	104.6	14.6	226.4	241.4	(6.2)
Export sales	375.4	391.0	(4.0)	670.6	767.1	(12.6)
<b>Total revenue from sales</b>	<b>495.2</b>	<b>495.6</b>	<b>(0.1)</b>	<b>897.0</b>	<b>1,008.5</b>	<b>(11.1)</b>
Foreign exchange gain (loss)	(2.4)	2.3	(205.3)	3.7	3.3	12.3
Other income	0.7	1.2	(38.0)	1.5	2.6	(42.4)
<b>Total revenues</b>	<b>493.5</b>	<b>499.1</b>	<b>(1.1)</b>	<b>902.2</b>	<b>1,014.4</b>	<b>(11.1)</b>

The Company loss 2.4 million from foreign exchange in 2Q18 and gain Baht 3.7 million in 6M18 due to foreign exchange hedging.

Others income presented at Baht 0.7 million in 2Q18 and Baht 1.5 million in 6M18 from sale scraps and mold supplies.

▪ **Total Expenses (Million Baht)**

	Quarterly		Change	Six-month End June 30,		Change
	2/2018	2/2017	%	2018	2017	%
Cost of goods sold	367.3	329.1	11.6	633.4	650.9	(2.7)
Temporary shutdown expenses	9.4	39.5	(76.1)	25.2	72.7	(65.4)
Selling expenses	86.1	84.8	1.6	172.4	171.1	0.7
Administrative expenses	36.7	29.5	24.1	62.3	58.7	6.0
Finance costs	5.1	6.1	(17.3)	9.7	12.9	(24.5)
<b>Total expenses</b>	<b>504.6</b>	<b>489.0</b>	<b>3.2</b>	<b>903.0</b>	<b>966.3</b>	<b>(6.6)</b>

In the 2<sup>nd</sup> quarter of 2018, total cost of goods sold reported at Baht 367.3 million, increased by 11.6% compared to the same quarter last year due to high material and energy price. The Company's selling expenses reported at Baht 86.1 million increased by 1.6% from the marketing activities expenses. The administrative expenses reported at Baht 36.7 million, increased by 24.1% from the write off obsolete inventories. Shutdown expense was at Baht 9.4 million decreased by 76.1% from continuing production for sale.

For six-month period of 2018, total cost of goods sold reported at the amount of Baht 633.4 million, decreased by 2.7% compared to the same period last year. The Company's selling expenses reported at Baht 172.4 million increased by 0.7% from marketing activities expenses to strengthen customer relationship and brands communication. The administrative expenses reported at Baht 62.3 million, increased by 6.0% from write off obsolete finished goods. Shutdown expense was Baht 25.2 million decreased by 65.4% compared to same period last year.

Finance cost decreased by 17.3% in 2Q18 and 24.5% in 6M18 due to repayment of long-term loan.

**Statements of Financial Position as at June 30, 2018**

	March 30, 2018 (Million Baht)	December 31, 2017 (Million Baht)	Change (%)
Current Assets	1,380.5	1,230.2	12.2
Non-Current Assets	1,846.8	1,822.3	1.3
<b>Total Assets</b>	<b>3,227.3</b>	<b>3,052.5</b>	<b>5.7</b>
Current Liabilities	911.4	644.1	41.5
Non-Current Liabilities	466.1	525.6	(11.3)
<b>Total Liabilities</b>	<b>1,377.5</b>	<b>1,169.7</b>	<b>17.8</b>
<b>Total Shareholders' Equity</b>	<b>1,849.8</b>	<b>1,882.8</b>	<b>(1.8)</b>
Current Ratio (times)	1.51	1.91	
Debt to Equity Ratio (times)	0.74	0.62	

As of June 30, 2018, total assets presented at Baht 3,227.3 million, increased by 5.7% comprised of current assets Baht 1,380.5 million, increased by 12.2% from inventories and raw material. Non-current assets presented at Baht 1,846.8 million, increased by 1.3%, from warehouse construction investment. Total liabilities presented at Baht 1,377.5 million, increased by 17.8% from the increment of short-term loans. Total shareholders' equity presented at Baht 1,849.8 million, decreased by 1.8% from the recognition of net profit of the period and dividend payment.