

Ocean Glass Public Company Limited Management's Discussion and Analysis Performance for the Period Ended December 31, 2019

Operating Results

In 2019, Ocean Glass Public Company Limited and its subsidiaries ("the Company") reported consolidated revenues of Baht 1,898.43 million, decreased by 6.53 % compared to last year. Sales revenues reported at Baht 1,867.21 million, decreased by 7.59 %, majorly due to stronger Thai Baht that has impacted on sales revenue, most of which were accounted on export sales. Export sales declined by 8.26% while domestic sales declined by 5.70% mostly due to substitute products in B2B segment and decrease in the numbers of opening of the new hotel and restaurant projects as well as lack of repurchase from them. Domestic sales portion ended up at 26.57% and export sales stood at 73.43% of the total sales revenue.

The Company reported gain from foreign exchange hedging at Baht 21.69 million. Other income came at Baht 9.53 million from mold supplier, transportation, sales of scraps, and obsolete equipment.

Gross profit margin increased from 32.41% to 33.48% in 2019 thanks to favorable energy prices and improved production efficiency. Total expenses were Baht 1,877.07 million, decreased by 5.68% on account of tight budget control. However, due to the increment of temporary shutdown expenses and the adjustment of severance payment for labor retirement benefits, the Company reported net profit of Baht 18.13 million, declined by 25.85% from last year. Earnings per share reported at Baht 0.85.

Statement of Comprehensive Income

	2019 (Million Baht)	2018 (Million Baht)	Change (%)
Sales	1,867.21	2,020.63	(7.59)
- Domestic Sales	496.09	526.08	(5.70)
- Export Sales	1,371.12	1,494.55	(8.26)
Foreign exchange gain	21.69	6.67	225.40
Other income	9.54	3.80	151.19

Ocean Glass Public Company Limited Management's Discussion and Analysis Performance for the Period Ended December 31, 2019

	2019 (Million Baht)	2018 (Million Baht)	Change (%)
Total revenues	1,898.44	2,031.10	(6.53)
Cost of goods sold	1,242.09	1,365.73	(9.05)
Temporary shutdown expenses	123.35	75.92	62.46
Allowance for the decline in value of inventory	9.71	32.63	(70.24)
Selling expenses	311.03	347.26	(10.43)
Administrative expenses	173.16	149.15	16.10
Finance costs	17.73	19.52	(9.16)
Total expenses	1,877.07	1,990.21	(5.68)
Profit before income tax expense	21.36	40.89	(47.75)
Income tax expense	3.23	16.43	(80.35)
Profit for the year	18.13	24.46	(25.85)
Other comprehensive income (loss) for the year, net of tax	(6.26)	(1.13)	(457.38)
Total comprehensive income for the year	11.87	23.33	(49.14)
Basic earnings per share (Baht)	0.85	1.15	(26.09)

- **Cost of goods sold**

Total cost of goods sold presented at Baht 1,242.09 million, decreased by 9.05% from last year along with declining in sales value. Cost per unit decreased due to the decrement of energy cost and production efficiency in Crystalline Product.

- **Temporary shutdown expenses**

Shutdown expenses presented at Baht 123.35 million, increased by 62.46% from last year. The expenses comprised of shutdown for cold repair (Furnace A) amounted Baht 14.19 million, shutdown for cold repair (Furnace B) amounted Baht 36.47 million and shutdown for inventories management amounted Baht 72.69 million.

Ocean Glass Public Company Limited Management's Discussion and Analysis Performance for the Period Ended December 31, 2019

- **Allowance for the decline in value of inventory**

The Company presented allowance for the decline in value of obsolete and long-aged finished products from sales and adjusting product to be ready for sale at Baht 9.71 million, decreased by 70.24% from last year.

- **Selling and administrative expenses**

Selling expenses presented at Baht 311.03 million decreased by 10.43% from last year along with declining in sales and expenses controlled while administrative expenses presented at Baht 173.16 million, increased by 16.10% due to the adjustment of severance payment for labor retirement benefits according to Labor Protection Act amounted Baht 22.87 million.

- **Finance costs**

Finance costs presented at Baht 17.73 million, decreased by 9.16% due to repayments of long-term loans.

- **Other comprehensive loss, net with tax**

Other comprehensive loss presented at Baht 6.26 million, increased Baht 5.14 million from the recognition on re-measurement of employee benefit obligation net with tax amounted Baht 3.36 million.

Statements of Financial Position as at December 31, 2019

	2019 (Million Baht)	2018 (Million Baht)	Change (%)
Current Assets	1,342.77	1,336.01	0.51
Non-Current Assets	1,886.44	1,929.91	(2.25)
Total Assets	3,229.21	3,265.92	(1.12)
Current Liabilities	966.18	1,093.45	(11.64)
Non-Current Liabilities	390.21	299.36	30.35
Total Liabilities	1,356.39	1,392.81	(2.61)
Total Shareholders' Equity	1,872.82	1,873.11	(0.02)
Total Liabilities and Shareholders' Equity	3,229.21	3,265.92	(1.12)

Ocean Glass Public Company Limited Management's Discussion and Analysis Performance for the Period Ended December 31, 2019

▪ **Total Assets**

As of 31 December 2019, total assets presented at Baht 3,229.21 million, decreased by 1.12% as per details below:

- Cash and cash equivalent decreased by 43.16% from investment in assets, repayments of long-term loans, and dividend payment during the year.
- Trade and other receivables increased by 19.95%, from advance payment for purchasing machine and equipment.
- Value added tax receivables decreased by 37.66% from receiving value added tax refund from the Revenue Department.
- Property, plant and equipment decreased by 1.95% from the depreciation net with investment in fixed assets.

▪ **Total Liabilities**

As of 31 December 2019, total liabilities presented at Baht 1,356.39 million, decreased by 2.61%, from repayment of long-term loans.

▪ **Total Shareholders' Equity**

Total shareholders' equity presented at Baht 1,872.82 million, decreased by 0.02% from net profit of the year, net with dividend payment.

Ocean Glass Public Company Limited Management's Discussion and Analysis Performance for the Period Ended December 31, 2019

Financial Ratio Analysis

Profitability Ratio	Unit	Jan – Dec 2019	Jan – Dec 2018
Gross Profit Margin	(%)	33.48	31.43
Operating Profit Margin	(%)	0.42	2.47
Net Profit Margin	(%)	0.96	1.20
Return on equity	(%)	0.97	1.30
Basic earnings per Share	Baht/Share	0.85	1.15
Efficiency Ratio	Unit	Jan – Dec 2019	Jan – Dec 2018
Return on Assets	(%)	1.20	1.91
Liquidity Ratio	Unit	31 Dec 2019	31 Dec 2019
Current Ratio	Times	1.39	1.22
Quick Ratio	Times	0.34	0.29
Average Collection Period	Days	39	35
Inventory Days	Days	174	141
Accounts Payable Days	Days	44	43
Cash Cycle	Days	169	133
Leverage & Financial Policy	Unit	31 Dec 2019	31 Dec 2018
Debt to Equity Ratio	Times	0.72	0.74
Interest Coverage Ratio	Times	11.29	11.03
Debt Service Coverage Ratio	Times	0.60	0.21

According to the liquidity ratio and financial leverage policy, the analysis showed that the Company still has liquidity and sufficient cash for interest payment and other financial obligations. Moreover, the Company was able to maintain debt to equity ratio according to the restriction of long-term loans from local financial institutions.