

Ocean Glass Public Company Limited

Management Discussion and Analysis

Consolidated Financial Results
For the period ending September 30, 2019

Operating Results

3rd Quarter 2019

Ocean Glass Public Company Limited and its subsidiaries (“the Company”) reported consolidated revenues of Baht 480.6 million, a decrease of 6.2% compared to the same quarter last year. Sales revenues reported at Baht 475.6 million, while domestic sales grew by 3.4%, but export sales declined by 9.7% due to intense marketing competition led by strong Thai Baht. Domestic sales portion ended up at 24.9% and export sales at 75.1%.

The Company reported gain from foreign exchange hedging at Baht 1.8 million. Other income from mold supplier, sales of scraps and obsolete equipment reported at Baht 3.2 million.

Gross profit margin was dropped from 33.4% to 32.2% due to long aged inventory on lower-margins from sales. Total expenses were Baht 450.0 million, decreased by 5.9% compared to same quarter last year due to measures taken up to control expenses. As a result, the Company reported net profit of Baht 24.8 million. Earnings per share was Baht 1.16.

Nine-Month Period

The Company reported consolidated revenues of Baht 1,296.0 million, decreased by 8.4%. Sales revenues reported Baht 1,275.1 million, decreased by 9.4% from slower sales and unfavorable currency impact. Overall domestic sales portion stood at 23.2% and export sales at 76.8%.

The Company reported gain from foreign exchange hedging at Baht 13.3 million. Other income from mold supplier, sales of scraps, obsolete equipment reported at Baht 7.6 million.

Gross profit margin increased from 31.7% to 32.1% while total expenses decreased by 3.3% from decrement in cost of goods sold along with expenses control. However, due to the increment of temporary shutdown expenses and the adjustment of severance payment for labor retirement benefits in 2nd Quarter, the Company reported net loss of Baht 32.7 million. Loss per share was Baht 1.53.

Statement of Comprehensive Income

▪ Total Revenues (Million Baht)

	Quarterly		Change	Nine-month End September 30,		Change
	3/2019	3/2018	%	2019	2018	%
Revenue from sales						
Domestic sales	118.6	114.7	3.4	296.4	341.1	(13.1)
Export sales	357.0	395.4	(9.7)	978.7	1,066.0	(8.2)
Total revenue from sales	475.6	510.1	(6.8)	1,275.1	1,407.1	(9.4)
Foreign exchange gain	1.8	1.6	10.7	13.3	5.3	152.7
Other income	3.2	0.8	312.4	7.6	2.3	228.1
Total revenues	480.6	512.5	(6.2)	1,296.0	1,414.7	(8.4)

▪ Total Expenses (Million Baht)

	Quarterly		Change	Nine-month End September 30,		Change
	3/2019	3/2018	%	2019	2018	%
Cost of goods sold	322.5	339.6	(5.0)	865.3	960.7	(9.9)
Temporary shutdown expenses	10.6	12.9	(18.0)	93.0	38.1	144.3
Allowance for the decline in value of inventory	0.9	4.4	(80.0)	3.9	9.6	(59.6)
Selling expenses	73.7	79.2	(7.0)	216.5	246.3	(12.1)
Administrative expenses	38.0	36.9	3.1	142.5	111.6	27.7
Finance costs	4.3	5.3	(18.0)	13.8	15.0	(7.7)
Total expenses	450.0	478.3	(5.9)	1,335.0	1,381.3	(3.3)

3rd Quarter 2019

- Total cost of goods sold decreased by 5.0% which was in line with the decrement of sales value. Additionally, cost per unit was slightly decreased due to the decrement of energy cost
- Shutdown expenses decreased by 18.0% in order to support festive and seasonal sales demand
- Allowance of the decline in value of inventory decreased by 80.0% from obsolete and long aged finished goods
- Selling expenses decreased by 7.0% from expenses controlling initiatives
- Administrative expenses increased by 3.1% from personnel expenses and allowance for the doubtful debts

Nine-Month Period

- Total cost of goods sold decreased by 9.9% along with declining in sales value
- Shutdown expense increased by 144.3% from furnace maintenance and inventory management. Details were 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 36.5 million
 - Temporarily shutdown of machines for the inventory management at Baht 42.3 million
- Allowance for the decline in value of inventory decreased by 59.6% from obsolete and long aged finished
- Selling expenses decreased by 12.1% from continuing expenses controlling
- Administrative expenses increased by 27.7% from the adjustment of severance payment in 2nd Quarter

Statements of Financial Position as of September 30, 2019

	September 30, 2019 (Million Baht)	December 31, 2018 (Million Baht)	Change (%)
Current Assets	1,344.7	1,336.0	0.7
Non-Current Assets	1,899.7	1,929.9	(1.6)
Total Assets	3,244.4	3,265.9	(0.7)
Current Liabilities	1,100.0	1,093.4	0.6
Non-Current Liabilities	314.3	299.4	5.0
Total Liabilities	1,414.3	1,392.8	1.5
Total Shareholders' Equity	1,830.1	1,873.1	(2.3)
Current Ratio (times)	1.22	1.22	
Debt to Equity Ratio (times)	0.77	0.74	

As of September 30, 2019, total assets decreased by 0.7%. However, current assets increased by 0.7% from finish goods inventory while non-current assets decreased by 1.6% due to depreciation of plant and equipment.

Total liabilities increased by 1.5% from the recognition of severance payment for labor retirement benefits.

Total shareholders' equity decreased by 2.3% from the recognition of net loss during the period, net with dividend payment.