

August 10, 2018

 Subject Management's Discussion and Analysis for the 2<sup>nd</sup> quarter of 2018 ended on June 30, 2018

 To Director and Manager  
The Stock Exchange of Thailand

According to the resolution of the Board of Directors' meeting No.3/2018 of Dental Corporation Public Company Limited ("the Company") held on August 10, 2018, approving the review of consolidated financial statements for 2<sup>nd</sup> quarter of 2018 ended on June 30, 2018. The Company and its subsidiaries ("the Group") would like to report factors that affect the financial performance for 2<sup>nd</sup> quarter of 2018 as follows;

Unit : Thousand Baht

STATEMENTS OF COMPREHENSIVE INCOME	For the 3-month period ended June 30,				For the 6-month period ended June 30,			
	2018	2017	Changed		2018	2017	Changed	
	Amount	Amount	Amount	%	Amount	Amount	Amount	%
Revenue from services	126,547	100,000	26,547	27%	248,691	217,390	31,301	14%
Revenue from sales	663	340	323	95%	881	786	95	12%
<b>Total revenues</b>	<b>127,210</b>	<b>100,340</b>	<b>26,870</b>	<b>27%</b>	<b>249,572</b>	<b>218,176</b>	<b>31,396</b>	<b>14%</b>
Cost of sales and services	(81,928)	(64,235)	(17,693)	28%	(161,862)	(137,744)	(24,118)	18%
<b>Gross profit</b>	<b>45,282</b>	<b>36,105</b>	<b>9,177</b>	<b>25%</b>	<b>87,710</b>	<b>80,431</b>	<b>7,279</b>	<b>9%</b>
Other income	2,626	3,661	(1,035)	-28%	5,839	5,520	319	6%
Profit before expenses	47,908	39,766	8,142	20%	93,549	85,951	7,598	9%
Distribution costs	(8,436)	(7,408)	(1,028)	14%	(16,539)	(15,284)	(1,255)	8%
Administrative expenses	(25,411)	(19,948)	(5,463)	27%	(48,817)	(41,717)	(7,100)	17%
Finance costs	(976)	(71)	(905)	1275%	(1,291)	(975)	(316)	32%
<b>Total expenses</b>	<b>(34,823)</b>	<b>(27,427)</b>	<b>(7,396)</b>	<b>27%</b>	<b>(66,647)</b>	<b>(57,976)</b>	<b>(8,671)</b>	<b>15%</b>
Profit (loss) before income tax	13,085	12,339	746	6%	26,902	27,976	(1,074)	-4%
Income tax (expenses) income	(2,846)	(2,282)	(564)	25%	(5,633)	(5,425)	(208)	4%
<b>Profit (loss) for the period</b>	<b>10,239</b>	<b>10,057</b>	<b>182</b>	<b>2%</b>	<b>21,269</b>	<b>22,550</b>	<b>(1,281)</b>	<b>-6%</b>

## Remarks

- (1) New branches have been operated since June 2017: Dental Signature at EmQuartier branch, Dental Planet at Rangsit branch, Dental Planet at Avenue Ratchayothin branch and Dental Planet at Bangkok University branch.
- (2) The previous branches have been operated before June 2017, totally 11 branches and Bangkok International Dental Center (BIDC) under the Group.

### **Revenue from sales and services**

For the 2<sup>nd</sup> quarter, revenue from sales and services increased from the same quarter of prior year by Baht 26.87 million or 27% and increased by Baht 31.40 million or 14% for the 6-month period ended June 30, 2018, the increment of revenue generated from new branches and the previous branches as follows;

	Unit : Million Baht			
	For the 3-month	%	For the 6-month	%
New branches	8.88	33.05%	14.00	44.59%
Previous branches	17.99	66.95%	17.40	55.41%
Total revenue increased	<u>26.87</u>	<u>100.00%</u>	<u>31.40</u>	<u>100.00%</u>

### **Cost of sales and services**

Cost of sales and services for the 2<sup>nd</sup> quarter of 2018 increased from the same quarter of prior year by Baht 17.69 million or 28% and increased Baht 24.12 million or 18% for the 6-month period ended June 30, 2018 according to increment of revenue. This increase stemmed from doctor's fee because new branches had the higher proportion of orthodontist than other treatments, rental and service fee of branches and depreciation from new branches (Dental Signature at EmQuartier branch and 3 branches of dental planet).

### **Other income**

Other income of Q2/2018 decreased from Q2/2017 by Baht 1.04 million due to gain on sales of subsidiary's condominium in prior period.

### **Distribution costs**

Distribution costs of Q2/2018 increased by Baht 1.03 million or 14% from the same period of prior year due to remuneration of customer service staffs for new branches.

**Administrative expenses**

Administrative expenses of Q2/2018 increased from Q2/2017 by Baht 5.46 million or 27% which came from related expenses for new branches, staff remuneration, office rental and depreciation and amortization, totally by Baht 4.41 million and also had assets valuation expenses, legal fee for assets acquisition and AGM expenses included in this period totally by Baht 1.05 million.

**Finance costs**

Finance costs of Q2/2018 increased by Baht 0.91 million or 1,275% from Q2/2017 due to long-term borrowings for purchasing the dental hospital's land.

**Net profit**

Net profit of Q2/2018 increased from Q2/2017 by Baht 0.18 million or 2% and net profit margin is 8.05% decreased from 10.02% of the same quarter of prior year which resulted from cost of services and expenses as mentioned above. However, EBITDA for the 3-month ended June 30, 2018 amounting to Baht 45.25 million which increased from amount of Baht 43.81 million of the same quarter of prior year.

Please be informed accordingly.

Sincerely yours,



( Mr. Prateep Vanichkawgul )

Authorized to sign on behalf of the Company