

# Ocean Glass Public Company Limited

## Management Discussion and Analysis

Consolidated Financial Results  
For the period ended September 30, 2018

### Operating Results

In the 3<sup>rd</sup> quarter of 2018, Ocean Glass Public Company Limited and its subsidiaries (“the Company”) reported consolidated revenues of Baht 512.5 million, increased by 3.1% compared to the same quarter last year. Total sales were Baht 510.1 million, increased by 4.5%. The contributions were from domestic sales 22.5% and export sales 77.5%. Gross profit was slightly down from 31.7% to 31.5%. Total expenses were Baht 478.3 million, decreased by 4.8% due to cost control initiatives. As a result, the company reported net profit of Baht 27.2 million compared with net loss of Baht 4.6 million in the same quarter last year. Earnings per share was Baht 1.27.

In the nine-month period, the Company reported consolidated revenues of Baht 1,414.7 million, decreased by 6.4% compared to last year. Sales revenues reported at Baht 1,407.1 million, decreased by 6.0% mostly due to slower sales in B2B – ASEAN Region while domestic sales stood at par to last year. Sales contributions were from domestic sales 24.2% and export sales 75.8%. Gross profit was down from 34.3% to 30.2% due to B2B domestic sales in 2Q18 coupled with the increase in energy costs and Thai Baht appreciation against US dollar from the last quarter. Total expenses were Baht 1,381.3 million, decreased by 5.9% and net profit was Baht 27.5 million, decreased by 18.2%. Earnings per share resulted at Baht 1.29.

### Statement of Comprehensive Income

▪ **Total Revenues (Million Baht)**

	Quarterly		Change	Nine-month End September 30,		Change
	3/2018	3/2017	%	2018	2017	%
Revenue from sales						
Domestic sales	114.7	111.5	2.9	341.1	352.9	(3.3)
Export sales	395.4	376.5	5.0	1,066.0	1,143.6	(6.8)
<b>Total revenue from sales</b>	<b>510.1</b>	<b>488.0</b>	<b>4.5</b>	<b>1,407.1</b>	<b>1,496.5</b>	<b>(6.0)</b>
Foreign exchange gain (loss)	1.6	2.0	(18.6)	5.3	5.3	0.6
Other income	0.8	6.9	(88.6)	2.3	9.5	(75.8)
<b>Total revenues</b>	<b>512.5</b>	<b>496.9</b>	<b>3.1</b>	<b>1,414.7</b>	<b>1,511.3</b>	<b>(6.4)</b>

Gain from foreign exchange hedging in 3Q18 was Baht 1.6 million and Baht 5.3 million in 9M18. Other income from sales of scraps and mold supplies in 3Q18 were Baht 0.8 million and Baht 2.3 million in 9M18.

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### Statement of Comprehensive Income

▪ **Total Expenses (Million Baht)**

	Quarterly		Change	Nine-month		Change
	3/2018	3/2017	%	End September 30, 2018	3/2018	3/2017
Cost of goods sold	349.3	333.1	4.9	982.7	983.9	(0.1)
Temporary shutdown expenses	12.9	45.7	(71.8)	38.1	118.4	(67.8)
Selling expenses	82.0	90.0	(8.9)	254.4	261.1	(2.6)
Administrative expenses	28.8	27.7	4.1	91.1	86.4	5.4
Finance costs	5.3	5.9	(10.9)	15.0	18.8	(20.2)
<b>Total expenses</b>	<b>478.3</b>	<b>502.3</b>	<b>(4.8)</b>	<b>1,381.3</b>	<b>1,468.7</b>	<b>(5.9)</b>

In the 3<sup>rd</sup> quarter of 2018, total cost of goods sold reported at Baht 349.3 million, increased by 4.9% due to volume of sales, high material and energy price. Selling expenses reported at Baht 82.0 million, decreased by 8.9% from the marketing activities expenses. The administrative expenses reported at Baht 28.8 million, increased by 4.1% due to writing off the obsolete finished goods and raw materials. Shutdown expenses were at Baht 12.9 million, decreased by 71.8% because of continuation of production to support upcoming sales.

For nine-month period of 2018, total cost of goods sold reported at 982.7 million, decreased by 0.1% compared to the same period last year. Selling expenses reported at Baht 254.4 million, decreased by 2.6%. The administrative expenses reported at Baht 91.1 million, increased by 5.4% due to writing off the obsolete finished goods. Shutdown expenses were Baht 38.1 million, decreased by 67.8% compared to same period last year. Finance cost decreased by 10.9% in 3Q18 and 20.2% in 9M18 from long-term loan repayment.

### Statements of Financial Position as at September 30, 2018

	September 30, 2018 (Million Baht)	December 31, 2017 (Million Baht)	Change (%)
Current Assets	1,389.8	1,230.3	13.0
Non-Current Assets	1,899.1	1,822.3	4.2
<b>Total Assets</b>	<b>3,288.9</b>	<b>3,052.5</b>	<b>7.7</b>
Current Liabilities	1,103.1	644.1	71.3
Non-Current Liabilities	309.7	525.6	(41.1)
<b>Total Liabilities</b>	<b>1,412.8</b>	<b>1,169.7</b>	<b>20.8</b>
<b>Total Shareholders' Equity</b>	<b>1,876.1</b>	<b>1,882.8</b>	<b>(0.4)</b>
Current Ratio (times)	1.26	1.91	
Debt to Equity Ratio (times)	0.75	0.62	

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As of September 30, 2018, total assets presented at Baht 3,288.9 million, increased by 7.7%. Current assets were Baht 1,389.8 million, increased by 13.0% from inventories and raw materials reserved for cold repair of furnace A scheduled in early 2019. Non-current assets presented at Baht 1,899.1 million, increased by 4.2% from new warehouse construction and machine investments. Total liabilities presented at Baht 1,412.8 million, increased by 20.8% from short-term loans. Total shareholders' equity presented at Baht 1,876.1 million, decreased by 0.4% from the recognition of net profit, net with dividend payment.