

Ref.: EFORL 030/2017

August 15, 2017

**Subject: Management Discussion and Analysis for the second quarter of 2017 (Q2/2017) and for six month periods ended June 30, 2017 (H1/2017)**

**To** President  
The Stock Exchange of Thailand

**1. Overview financial performance of E for L Aim Public Company Limited (“EFORL” or “the Company”) and its subsidiaries (collectively as “the Companies”) for Q2/2017**

**Financial performances Comparison is as follows:**

<b>THB'000</b>	<b>Q2/2017</b>	<b>Q2/2016</b>	<b>YoY</b>	<b>Q1/2017</b>	<b>QoQ</b>
<b>Revenue from sales and services</b>	704,817	896,447	-21%	870,845	-19%
Interest income	485	769	-37%	363	34%
Other income	4,880	3,069	59%	6,033	-19%
<b>Total revenue</b>	710,182	900,285	-21%	877,241	-19%
<b>Profit / (Loss) before interest and taxation</b>	<b>(89,303)</b>	<b>(70,776)</b>	-26%	<b>(61,057)</b>	-46%
Margin	-13%	-8%		-7%	
<b>Profit / (Loss) for the period</b>	<b>(132,736)</b>	<b>(121,587)</b>	-9%	<b>(113,896)</b>	-17%
Margin	-19%	-14%		-13%	
<b>Portion of the Companies' shareholders</b>	<b>(60,913)</b>	<b>(49,476)</b>	-23%	<b>(39,057)</b>	-56%
Margin	-9%	-5%		-4%	

**Financial performance in Q2/2017**

Revenues from sales and services of EFORL and its subsidiaries in Q2/2017 was THB 705 million decreased by 21% compared to the same period at previous year, decreased by THB 135 million or 27% in sales revenue whereas decrease by THB 31 million or 9% in services revenue from beauty business compared to last period. This is because one time order from the customer to be incurred during the Q1/17 whereas decreasing demand of customer in this period due to economic recession.

The Company and its subsidiary companies have announced net losses of THB 133 million in Q2/2017 or increase loss by 9% compared to the period at the previous year and increase loss by 17% compare to Q1/16.

## 2. Financial Performance Summary – by business

Revenues by business	Q2/2017 THB'000	Q2/2016 THB'000	YoY
<b>Distributor of medical devices and equipment</b>	<b>363,409</b>	<b>486,095</b>	<b>-25%</b>
Margin	134,072	167,511	-20%
<b>Beauty services</b>	<b>341,408</b>	<b>410,352</b>	<b>-17%</b>
Margin	100	(10,896)	-101%

Revenues by business	H1/2017 THB'000	H1/2016 THB'000	YoY
<b>Distributor of medical devices and equipment</b>	<b>855,701</b>	<b>879,287</b>	<b>-3%</b>
Margin	308,554	303,905	2%
<b>Beauty services</b>	<b>719,961</b>	<b>864,747</b>	<b>-17%</b>
Margin	-44,806	20,596	-318%

### Distributor of medical devices and equipment business

Distributor of medical devices and equipment business has been operated by the Company and Spacemed Company Limited (subsidiary). Revenues from sales and services from distributor of medical devices and equipment at the second quarter was THB 363 million decreased by 25% compared to the same period in the previous year.

Gross margin in Q2/2017 from distributor of medical devices and equipment business was THB 134 million decreased by 20% compared to the same period in the previous year. Gross margin accounted to 37% and the revenues from distributor of medical devices and equipment business by total revenues was 52%.

### Beauty service business

Beauty service business has been operated by Wuttisak Clinic InterGroup Co., Ltd. (“WCIG”) (held shares by subsidiary) and Siamsnail Co., Ltd. (Subsidiary). Revenues from beauty service in Q2/2017 were THB 341 million decreased by 17% compared with the same period last year. Drop in revenues mainly came from economic crisis and high competitive situation with high promotion. Whereas high fixed costs were maintained which will be directly affected to Wuttisak clinic.

However the beauty business has a plan to develop its business into the Franchise Business Model together with providing the service in Beauty Wellness Center. In addition it will expand the business to simple surgery or mini surgery and develop branches into the retail store of beauty and cosmetic.

Gross margin from beauty service business in Q2/2017 was THB 0.10 million increased by 101% compared to the same period in the previous year. This accounted to 0.03% and proportion of revenues beauty service business per total revenues was 48%.

### 3. Key Highlights for performance for the Q2/2017 and H1/2017

THB'000	Q2/2017	Q2/2016	YoY	H1/2017	H1/2016	YoY
Revenues from sales and services	704,817	896,447	-21%	1,575,662	1,744,034	-10%
Costs of sales and services	(569,760)	(738,993)	-23%	(1,311,204)	(1,418,716)	-8%
<b>Gross margin</b>	<b>135,057</b>	<b>157,454</b>	<b>-14%</b>	<b>264,458</b>	<b>325,318</b>	<b>-19%</b>
Interest income	485	769	-37%	848	1,128	-25%
Other income	4,880	3,069	59%	10,913	9,765	12%
Selling expenses	(130,818)	(104,509)	25%	(245,678)	(203,601)	21%
Administrative expenses	(98,907)	(127,559)	-22%	(180,901)	(219,785)	-18%
Financial cost	(41,363)	(47,908)	-14%	(84,437)	(96,629)	-13%
<b>Profit / (Loss) before taxation</b>	<b>(130,666)</b>	<b>(118,684)</b>	<b>-10%</b>	<b>(234,797)</b>	<b>(183,804)</b>	<b>-28%</b>
Taxation	(2,070)	(2,903)	-29%	(11,835)	(2,721)	335%
<b>Profit / (Loss) for the period</b>	<b>(132,736)</b>	<b>(121,587)</b>	<b>-9%</b>	<b>(246,632)</b>	<b>(186,525)</b>	<b>-32%</b>
Allocation of Income						
<b>Portion of the Companies' shareholders</b>	<b>(60,913)</b>	<b>(49,476)</b>	<b>-23%</b>	<b>(99,970)</b>	<b>(81,740)</b>	<b>-22%</b>
Portion of non-controlling interests	(71,823)	(72,111)	0%	(146,662)	(104,785)	-40%
<b>Key Financial Ratios</b>						
Gross profit margin	19.2%	17.6%	1.6%	16.8%	18.7%	-1.9%
SG&A as % to sales	32.3%	25.8%	6.6%	26.9%	24.1%	2.7%
Net profit margin	-18.8%	-13.6%	-5.3%	-15.7%	-10.7%	-5.0%
Net profit margin (Portion of the Company's shareholders)	-8.6%	-5.5%	-3.1%	-6.3%	-4.7%	-1.7%

#### Revenues from sales and services

Revenues from sales and services in Q2/2017 was THB 705 million decreased by 21% compared to same period at the previous year.

#### Gross income

Gross income in Q2/2017 was THB 135 million decreased by 14% and gross margin on sales was 19.2% decreased by 1.6% compared to the same period at the previous year.

#### Selling and Administrative Expenses

Selling and Administrative expenses in Q2/2017 was THB 230 million consisting of selling expenses (THB 131 million) and administration expenses (THB 99 million). Selling expenses in Q2/2017 decreased by 1% compared to the same period at the previous year.

### **Financial costs**

A financial cost in Q2/2017 was THB 41 million decreased by 14% compared to the same period at the previous year. This is because during May 2017 the Company issued and offered newly ordinary shares to repay loan from bank. The capital increase at that time was THB 324 million. In addition the Company has performed the debt restructuring by extending the payment period and changing bill of exchange/short term loan to long term loan during the first quarter 2017.

### **Net income/ Loss**

In Q2/2017, the Company made a loss of THB 133 million or -18.8% and loss from portion of the Company's shareholders of THB 61 million or -8.6%.

Please be informed accordingly.

Yours sincerely,

(Mr.Teerawut Pangviroonrug)  
Chief Executive Officer