

Ref.:EFORL020/2018

May 15, 2018

Subject: Management Discussion and Analysis for the first quarter ended 31 March 2018

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 Q1/2018

Financial performances Comparison is as follows:

THB'000	Consolidated		Δ%	Separate		Δ%
	Q1/2018	Q1/2017		Q1/2018	Q1/2017	
Revenues from sales and services	529,514	669,009	-21%	320,648	445,078	-28%
Interest income	121	363	-67%	121	8,930	-99%
Gain on disposal of assets	309,034	-	100%	-	-	-
Revenue from franchise	1,836	-	100%	-	-	-
Other income	13,328	5,479	143%	5,055	3,144	61%
Total Revenues	853,833	674,851	27%	325,824	457,152	-29%
Profit / (Loss) before interest and taxation	233,778	(45,408)	615%	11,621	61,038	-81%
Margin	27%	-7%		4%	13%	
Profit / (Loss) for the period	191,233	(113,896)	268%	(12,024)	31,706	-138%
Margin	22%	-17%		-4%	7%	
Portion of the Companies' shareholders	101,512	(39,057)	360%	(12,024)	31,706	-138%
Margin	12%	-6%		-4%	7%	

Financial performance in Q1/2018

Revenues from sales and services of EFORL and its subsidiaries in Q1/2018 was THB 530 million decreased by 21% compared to the same period at the previous year. It derived from sales

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of THB 367 million decreasing by 28% compare to the same period at the previous year and revenue from service of THB 163 million.

The Company has gain on disposal of assets and revenue from franchise was THB 311 million arise from 55 branches of franchise and asset sale agreements. The franchise agreements are for a period of approximately 8 years which can be extended for a further 4 years. Wuttisak Clinics will receive a royalty fee of 6% and marketing fee of 4% of monthly revenue, however for 34 made agreement with W Wellness World Co., Ltd. to be payable of royalty fee after 1 January 2020. For 21 branches made agreement with Hi Healthcare Center Co., Ltd., to be guaranteed the operating profit from the branches will not be less than Baht 17 million per year for a period of 10 years.

As Wuttisak clinic recognize gain on sale asset from franchise agreement, this results net profit of Baht 191 million or increasing by 268% compared to the period at the previous year.

2. Financial Performance Summary – by business

Revenues by business THB '000	Consolidated		
	Q1/2018	Q1/2017	Δ%
Distributor of medical devices and equipment	359,348	492,292	-27%
Margin	127,930	174,482	-27%
Beauty services	238,241	378,553	-37%
Margin	(15,527)	(44,906)	65%

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 first quarter was THB 359 million decreased by 27% compared to the same period in the previous year. This is because special purchase order of one customer (public hospital) was delivered in Q1/2017. In addition the Company still concerns the liquidity problems of customers; therefore, the credit risk and sale to provide to customers to be considered.

Gross margin in Q1/2018 from distributor of medical devices and equipment business was THB 128 million decreased by 27% compared to the same period in the previous year. Gross margin accounted to 36% and the revenues from distributor of medical devices and equipment business by total revenues was 60%.

Beauty service business

Beauty service business has been operated by Wuttisak Clinic InterGroup Co., Ltd. (held shares by subsidiary) and Siam snail Co., Ltd. (Subsidiary). Revenues from beauty service in Q1/2018 were THB 238 million decreased by 37% compared to the same period in the previous year.

Gross margin from beauty service business in Q1/2018 was THB 16 million or decreased by 65% compared to the same period in the previous year. The proportion of revenues beauty service business per total revenues was 40%.

3. Key Highlights for performance for the first quarter 2018 and 2017

THB '000	Consolidated		Δ%	Separate		Δ%
	1Q2018	1Q2017		1Q2018	1Q2018	
Revenues from sales and services	529,514	669,009	-21%	320,648	445,078	-28%
Costs of sales and services	(416,020)	(544,726)	-24%	(209,171)	(286,964)	-27%
Gross profit	113,494	124,283	-9%	111,477	158,114	-29%
Interest income	121	363	-67%	121	8,930	-99%
Gain on disposal of assets	309,034	-	100%	-	-	-
Revenue from franchise	1836	-	100%	-	-	-
Other income	13,328	5,479	143%	5,055	3,144	61%
Selling expenses	(106,197)	(102,008)	4%	(72,496)	(83,266)	-13%
Administrative expenses	(97,838)	(73,525)	33%	(32,536)	(25,884)	26%
Finance costs	(33,716)	(43,074)	-22%	(19,474)	(21,032)	-7%
Profit (loss) before income tax	200,062	(88,482)	326%	(7,853)	40,006	-120%
Income tax	(6,125)	(9,765)	-37%	(4,171)	(8,300)	-50%
Profit (loss) for the period - continued operations	193,937	(98,247)	297%	(12,024)	31,706	-138%
Loss - discontinued operations	(2,704)	(15,649)	-83%	-	-	-
Profit (loss) for the period	191,233	(113,896)	268%	(12,024)	31,706	-138%

Profit (loss) for the period attributable

to

THB'000	Consolidated		Δ%	Separate		Δ%
	1Q2018	1Q2017		1Q2018	1Q2018	
Equity holder of the Company	101,512	(39,057)	360%	(12,024)	31,706	-138%
Non-controlling interests	89,721	(74,839)	220%			
Key Financial Ratios						
Gross profit margin	21.4%	18.6%	2.9%	34.8%	35.5%	-0.8%
SG&A as % to sales	38.5%	26.2%	12.3%	32.8%	24.5%	8.2%
Net profit margin	36.1%	-17.0%	53.1%	-3.7%	7.1%	-10.9%
Net profit margin (Portion of the Company's shareholders)	19.2%	-5.8%	25.0%	-3.7%	7.1%	-10.9%

Revenues from sales and services

Revenues from sales and services in Q1/2018 were THB 530 million decreased by 21% compared to same period at the previous year.

Gross margin

Gross margin in Q1/2018 was THB 113 million decreased by 9% compared to the same period at the previous year.

Selling and Administrative Expenses

Selling and Administrative expenses in Q1/2018 was THB 204 million consisting of selling expenses (THB 106 million) and administration expenses (THB 98 million). Selling expenses and Administrative expenses in Q1/2018 increased by 16% compared to the same period at the previous year.

SG&A as % to sales in Q1/2018 was 38.5% increased by 12.3% compared to the same period at the previous year.

Gain on disposal of assets

In consolidated financial statements, gain on disposal of assets of Baht 309 million incurred from the disposal of assets and liabilities under franchise and asset sale agreements of which all transaction of franchise is in the investigating process.



Revenue from franchise

In consolidated financial statements, revenue from franchise arises from the revenue recognition of franchise agreement made with Hi Healthcare center Co., Ltd.

Financial costs

Financial costs in Q1/2018 were THB 34 million decreased by 22% compared to the same period at the previous year.

Net income/ Loss

In Q1/2018, net profit of THB 191 million increases by 268% compare to the same period at the previous year. Profit from portion of the Company's shareholders of THB 102 million increased by 360% compare to the same period at the previous year.

Please be informed accordingly.

Yours sincerely,

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(Mr. Apirak Kanchanakongkha)

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