

Ref.:EFORL035/2018

August 15, 2018

Subject: Management Discussion and Analysis for the first quarter ended 30 June 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 Q2/2018

Financial performances Comparison is as follows:

THB'000	Q2/2018	Q2/2017	Δ%	Q1/2018	Δ%
Revenues from sales and services	469,770	502,981	-7%	529,514	-11%
Interest income	129	485	-73%	121	7%
Gain on disposal of assets	-	-		309,034	-100%
Revenue from franchise	-	-		1,836	-100%
Other income	3,503	4,326	-19%	13,328	-74%
Total Revenues	473,402	507,792	-7%	853,833	-45%
Profit / (Loss) before interest and taxation	(4,437)	(73,654)	94%	233,778	-102%
Margin	-1%	-15%		44%	
Profit / (Loss) for the period	(47,544)	(132,736)	64%	191,233	-125%
Margin	-10%	-26%		36%	
Portion of the Companies' shareholders	(6,923)	(60,913)	89%	101,512	-107%
Margin	-1%	-12%		19%	

Financial performance in Q2/2018

Revenues from sales and services of EFORL and its subsidiaries in Q2/2018 was THB 470 million decreased by 7 % compared to the same period at the previous year and decreased by 11% compared to the last quarter. It derived from sales of THB 422 million increasing by 13 % compare to the same period at the previous year and service income of THB 48 million decreased by 64% compared to the same period at the previous year. The main reason from decrease in service revenue due to Wutiisak Clinicintergroup Co., Ltd. “Wuttisak” changed business to franchise model.

"Excellence for Life"



According to 55 franchise agreements, Wuttisak sold 55 branches as franchise business and received a royalty fee of 6% and marketing fee of 4% of monthly revenue. However, under such agreements, royalty fee of 34 branches will be received after 1 January 2020.

2. Financial Performance Summary – by business

Revenues by business THB'000	Consolidated		
	Q2/2018	Q2/2017	Δ%
Distributor of medical devices and equipment	415,547	363,409	14%
Margin	127,930	174,482	-27%
Beauty services	54,223	341,408	-84%
Margin	21,779	(44,906)	148%

Revenues by business THB'000	Consolidated		
	H1/2018	H1/2017	Δ%
Distributor of medical devices and equipment	774,895	855,701	-9%
Margin	288,212	303,436	5%
Beauty services	213,738	518,125	-59%
Margin	(24,650)	(44,806)	45%

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 416 million increased by 14 % compared to the same period in the previous year. This because government budget incurred in second quarter.

Gross margin in Q2/2018 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 30.8 % and the revenues from distributor of medical devices and equipment business by total revenues was 88.5 %.



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 Q2/2018 were THB 54 million decreased by 84 % compared to the same period in the previous year. This is because Wuttisak changed business model to franchise model with 55 branches were sold under such models. The royalty fee of 6% and marketing fee of 4% of monthly revenue are considered as income. However, royalty fee of 34 branches will be received after 1 January 2018.

Gross margin from beauty service business in Q2/2018 was THB 148 million or decreased by 40.2 % compared to the same period in the previous year. The proportion of revenues beauty service business per total revenues was 11.5 %.

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

THB'000	Q2/2018	Q2/2017	Δ%	H1/2018	H1/2017	Δ%
Revenues from sales and services	469,770	502,981	-7%	920,558	1,171,990	-21%
Costs of sales and services	(318,272)	(373,042)	-15%	(655,566)	(917,768)	-29%
Gross profit	151,498	129,939	17%	264,992	254,222	4%
Interest income	129	485	-73%	250	848	-71%
Gain on disposal of assets	-	-		309,034	-	100%
Other income	3,503	4,326	-19%	18,667	9,805	90%
Selling expenses	(82,176)	(117,966)	-30%	(188,373)	(219,974)	-14%
Administrative expenses	(77,391)	(90,438)	-14%	(175,229)	(163,963)	7%
Finance costs	(32,990)	(41,363)	-20%	(66,706)	(84,437)	-21%
Profit (loss) before income tax	(37,427)	(115,017)	67%	162,635	203,499	180%
Income tax	(10,117)	(2,070)	389%	(16,242)	(11,835)	37%
Profit (loss) for the period - continued operations	(47,544)	(117,087)	59%	146,393	(215,334)	168%
Loss - discontinued operations	-	(15,649)	-100%	(2,704)	(31,298)	-91%
Profit (loss) for the period	(47,544)	(132,736)	64%	143,689	(246,632)	158%
Profit (loss) for the period attributable to						
Equity holder of the Company	(6,923)	(60,913)	89%	94,589	(99,970)	195%
Non-controlling interests	(40,621)	(71,823)	43%	49,100	(146,662)	133%
Key Financial Ratios						
Gross profit margin	32.2%	25.8%	6.4%	28.8%	21.7%	7.1%
SG&A as % to sales	34.0%	41.4%	-7.5%	39.5%	32.8%	6.7%
Net profit margin	-10.1%	-26.4%	16.3%	15.6%	-21.0%	36.7%
Net profit margin (Portion of the Company's shareholders)	-1.5%	-12.1%	10.6%	10.3%	-8.5%	18.8%



Revenues from sales and services

Revenues from sales and services in Q2/2018 were THB 470 million decreased by 7 % compared to same period at the previous year.

Gross margin

Gross margin in Q2/2018 was THB 151 million increased by 17 % compared to the same period at the previous year.

Selling and Administrative Expenses

Selling and Administrative expenses in Q2/2018 were THB 160 million consisting of selling expenses (THB 82 million) and administration expenses (THB 77 million). Selling expenses and Administrative expenses in Q2/2018 increased by 23.4 % compared to the same period at the previous year.

SG&A as % to sales in Q2/2018 was 34 % increased by 7.5 % compared to the same period at the previous year.

Financial costs

Financial costs in Q2/2018 were THB 33 million decreased by 20 % compared to the same period at the previous year.

Net income/ Loss

In Q2/2018, net profit of THB 48 million increases by 64 % compare to the same period at the previous year. Loss from portion of the Company's shareholders of THB 7 million, decreased by 1.5 % compare to the same period at the previous year.

Please be informed accordingly.

Yours sincerely,

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(Mr. Apirak Kanchanakongkha)

Assistant Managing Director