

Ref.: EFORL IR 043/2018

November 14, 2018

Subject: Management Discussion and Analysis for the third quarter of 2018 (Q3/2018) and for nine month periods ended September 30, 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 Q3/2018

Financial performances Comparison is as follows:

(Unit : Thousand Baht)

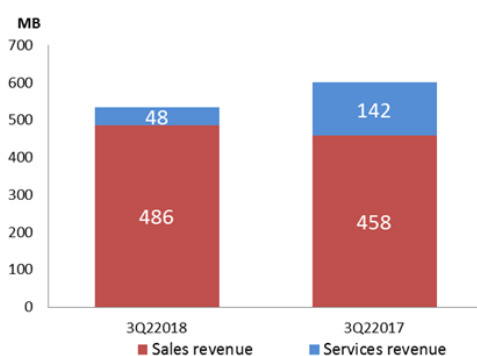
Consolidate F/S	Q3/2018	Q3/2017	Δ%	Q2/2018	Δ%	Q1/2018	Δ%
Revenues from sales and services	534,355	600,393	-11%	469,770	14%	529,514	1%
Interest income	100	-	100%	129	-22%	121	-17%
Gain on disposal of assets	-	-		-		309,034	-100%
Revenue from franchise	-	-		-		1,836	-100%
Other income	3,909	4,306	-9%	3,503	12%	13,328	-71%
Total revenues	538,364	604,699	-11%	473,402	14%	853,833	-37%
Profit (loss) before loss on impairment of investment in subsidiary, interest and income tax	15,488	(39,320)	139%	(4,437)	449%	233,778	-93%
Margin	3%	-7%		-1%		27%	
Profit (loss) for the period	(34,287)	(110,144)	69%	(47,544)	-28%	191,233	-118%
Margin	-6%	-18%		-10%		22%	
Profit (loss) for the period attributable to equity holder of the company	6,054	(37,417)	116%	(6,923)	187%	101,512	-94%
Margin	1%	-6%		-1%		12%	

(Unit : Thousand Baht)

Separate F/S	Q3/2018	Q3/2017	Δ%	Q2/2018	Δ%	Q1/2018	Δ%
Revenues from sales and services	414,176	417,985	-1%	380,650	9%	320,648	29%
Interest income	126	12,699	-99%	189	-33%	121	4%
Dividend income	-	-		15,000	-100%	-	
Gain on disposal of assets	46	-	100%	-		-	
Other income	1,106	2,134	-48%	2,892	-62%	5,055	-78%
Total revenues	415,454	432,818	-4%	398,731	4%	325,824	28%
Profit (loss) before loss on impairment of investment in subsidiary, interest and income tax	50,843	68,343	-26%	58,274	-13%	11,621	338%
Margin	12%	16%		15%		4%	
Profit (loss) for the period	21,927	(115,232)	119%	29,794	-26%	(12,024)	282%
Margin	5%	-27%		7%		-4%	
Profit (loss) for the period attributable to equity holder of the company	21,927	(115,232)	119%	29,794	-26%	(12,024)	282%
Margin	5%	-27%		7%		-4%	

Financial performance in Q3/2018

Revenues from sales and services of EFORL and its subsidiaries in Q3/2018 was THB 534 million decreased by 11% compared to the same period at the previous year. This came from decreasing in services revenue whereas sales revenues from medical devices still increased.



Revenues from sales and services of EFORL and its subsidiaries in Q3/2018 increased by 14% and 1% compared to Q2/2018 and Q1/2018, respectively.

The Company and its subsidiary companies made a loss of THB 34 million in Q3/2018 or loss decreased by 69% compared to the same period at the previous year, loss decreased by 28% compared to Q2/2018.

2. Financial Performance Summary – by business

(Unit : Thousand Baht)

Revenues by business	Q3/2018	Q3/2017	Δ%	Q2/2018	Δ%	Q1/2018	Δ%
Distributor of medical devices and equipment	482,331	450,744	7%	415,547	16%	359,348	34%
Margin	165,941	168,415	-1%	127,930	30%	127,930	30%
Beauty services	52,024	149,649	-65%	54,223	-4%	238,241	-78%
Margin	6,280	(1,309)	580%	21,779	-71%	(15,527)	140%

(Unit : Thousand Baht)

Revenues by business	Nine-Month/2018	Nine-Month/2017	Δ%
Distributor of medical devices and equipment	1,257,226	1,306,445	-4%
Margin	454,153	476,969	-5%
Beauty services	197,687	465,938	-58%
Margin	(22,510)	(56,351)	60%

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 third quarter was THB 482 million, increased by 7% compared to the same period in the previous year and increased by 16% compared to the 2Q/2018.

Sales and services revenue from distributor of medical devices and equipment at the 3Q/2018 was 67 million compared to the 2Q/2018. This is because medical devices have been delivery since end of 2Q/2018 and complete in 3Q/2018.

Revenues from sales and services from distributor of medical devices and equipment at the nine-month of 2018 was THB 1,257 million decreased by 4% compared to the same period in the previous year

Gross margin in Q3/2018 from distributor of medical devices and equipment business was THB 166 million decreased by 1% compared to the same period in the previous year and increased by 34% compared to the 2Q/2018. Gross margin accounted to 30% and the revenues from distributor of medical devices and equipment business by total revenues was 90%.

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 Q3/2018 was THB 52 million decreased by 65% compared to the same period in the previous year, decreased by 4% compared to the Q2/2018.

Revenue from beauty at the nine-month of 2018 was THB 198 million decreased by 58% compared to the same period in the previous year. Drop in revenues mainly 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 2020.

Gross margin from beauty service business in Q3/2018 was THB 6 million increased in positive trend by 580% compared to the same period in the previous year, decreased in 71% compared to the Q2/2018. Gross margin of sales in Q3/2018 accounted to 12% and proportion of revenues beauty service business per total revenues was 10%.

3. Key Highlights for performance for the Q3/2018 and Nine-Month/2018

(Unit : Thousand Baht)

Consolidate F/S	Q3/2018	Q3/2017	Δ%	Nine-Month/2018	Nine-Month/2017	Δ%
Revenues from sales and services	534,355	600,393	-11%	1,454,913	1,772,383	-18%
Costs of sales and services	(362,044)	(434,779)	-17%	(1,021,051)	(1,352,547)	-25%
Gross margin	172,311	165,614	4%	433,862	419,836	3%
Interest income	100	-	100%	350	755	-54%
Gain on disposal of assets	-	-		309,034	-	100%
Other income	3,909	4,306	-9%	22,576	14,204	59%
Selling expenses	(86,415)	(113,572)	-24%	(274,788)	(333,546)	-18%
Administrative expenses	(74,417)	(95,668)	-22%	(246,205)	(259,631)	-5%
Finance costs	(36,872)	(41,560)	-11%	(103,578)	(125,997)	-18%
Profit (loss) before income tax	(21,384)	(80,880)	74%	141,251	(284,379)	150%
Income tax	(12,903)	(13,611)	-5%	(29,145)	(25,446)	15%
Profit (loss) for the period - continued operations	(34,287)	(94,491)	64%	112,106	(309,825)	136%
Loss - discontinued operations	-	(15,653)	-100%	(2,704)	(46,951)	-94%
Profit (loss) for the period	(34,287)	(110,144)	-69%	109,402	(356,776)	131%
Profit (loss) for the period attributable to						
Equity holder of the Company	6,054	(37,417)	116%	100,643	(137,387)	173%
Non-controlling interests	(40,341)	(72,727)	45%	8,759	(219,389)	104%

Consolidate F/S	Q3/2018	Q3/2017	Δ%	Nine-Month/2018	Nine-Month/2017	Δ%
Key Financial Ratios						
Gross profit margin	32.2%	27.6%	4.7%	29.8%	23.7%	6.1%
SG&A as % to sales	30.1%	34.9%	-4.8%	35.8%	33.5%	2.3%
Net profit margin	-6.4%	-18.3%	11.9%	7.5%	-20.1%	27.6%
Net profit margin (Portion of the Company's shareholders)	1.1%	-6.2%	7.4%	6.9%	-7.8%	14.7%

(Unit : Thousand Baht)

Separate F/S	Q3/2018	Q3/2017	Δ%	Nine-Month/2018	Nine-Month/2017	Δ%
Revenues from sales and services	414,176	417,985	-1%	1,115,474	1,196,636	-7%
Costs of sales and services	(267,145)	(263,864)	1%	(713,764)	(764,936)	-7%
Gross margin	147,031	154,121	-5%	401,710	431,700	-7%
Interest income	126	12,699	-99%	436	35,894	-99%
Dividend income	-	-		15,000	35,000	-57%
Gain on disposal of assets	46	-	100%	46	-	100%
Other income	1,106	2,134	-48%	6,008	6,108	-2%
Selling expenses	(73,588)	(75,328)	-2%	(216,307)	(228,877)	-5%
Administrative expenses	(23,878)	(25,283)	-6%	(86,155)	(81,514)	6%
Loss on impairment of investment in subsidiary	-	(150,000)	-100%	-	(371,825)	-100%
Finance costs	(17,865)	(22,789)	-22%	(56,264)	(68,929)	-18%
Profit (loss) before income tax	32,978	(104,446)	132%	64,474	(242,443)	127%
Income tax	(11,051)	(10,786)	2%	(24,777)	(22,092)	12%
Profit (loss) for the period	21,927	(115,232)	119%	39,697	(264,535)	-115%
Profit (loss) for the period attributable to						
Equity holder of the Company	21,927	(115,232)	119%	39,697	(264,535)	115%
Non-controlling interests	-	-		-	-	
Key Financial Ratios						
Gross profit margin	35.5%	36.9%	-1.4%	36.0%	36.1%	-0.1%
SG&A as % to sales	23.5%	24.1%	-0.5%	27.1%	25.9%	1.2%
Net profit margin	5.3%	-27.6%	32.9%	3.6%	-22.1%	25.7%
Net profit margin (Portion of the Company's shareholders)	5.3%	-27.6%	32.9%	3.6%	-22.1%	25.7%

Revenues from sales and services

Revenues from sales and services in Q3/2018 were THB 534 million decreased by 11% compared to same period at the previous year. Revenues from sales and services in nine-month of 2018 were THB 1,455 million decreased by 18% compared to same period at the previous year.

Gross margin

Gross margin in Q3/2018 was THB 172 million increased by 4% compared to the same period at the previous year. Gross margin in nine-month of 2018 were THB 434 million increased by 3% compared to the same period at the previous year.

Gross margin on sales in Q3/2018 was 32.2% increased by 4.7% compared to the same period at the previous year.

Selling and Administrative Expenses

A Selling and Administrative expense in Q3/2018 was THB 161 million consisting of selling expenses (THB 86 million) and administration expenses (THB 74 million). Selling expenses and Administrative expenses in Q3/2018 decreased by 23% compared to the same period at the previous year. It mainly due to the change in business model of beauty services company.

Selling and Administrative expense as % to sales in Q3/2018 was 30.1% decreased by 4.8% compared to the same period at the previous year.

Financial costs

Financial costs in Q3/2018 was THB 37 million decreased by 11% compared to the same period at the previous year, Financial costs in nine-month of 2018 was THB 104 million decreased by 18% compared to the same period at the previous year,

Net income/ Loss

In Q3/2018, the Company made a loss of THB 34 million or (6.4%) and profit from portion of the Company's shareholders of THB 6 million or 1.1%.

4. The allocation of ordinary shares of the Company to Private Placement by issuing newly ordinary shares

Refer to the allocation of ordinary shares by issuing newly ordinary shares of 16,108,289,826 shares at the par value of Baht 0.075 per share, at the price of THB 0.04 per share with the detail as follows:

No.	Name	No. of Shares	Offered price Baht	Total amount Baht
1	Mr. Wichai Thongtang	7,308,289,826	0.040	292,331,593.04
2	Dr. Charkrit Soucksakit	4,000,000,000	0.040	160,000,000.00
3	Mr. Kriengkrai Thiennukul	2,400,000,000	0.040	96,000,000.00
4	Mr. Chavalit Sethameteekul	1,600,000,000	0.040	64,000,000.00
5	Mr. Kriengkrai Tirawanichkun	800,000,000	0.040	32,000,000.00
	Total	16,108,289,826	0.040	644,331,593.04

In Q3/2018, the Company has received all the capital payment from investors. The Company has registered the increase in paid-up capital to the Ministry of Commerce. At the present, the Company's paid-up capital has currently been changed from Baht 1,373,121,736.95 to THB 2,416,243,473.90, dividing into 32,216,579,652 ordinary shares at the par value of THB 0.075 per share. Therefore the registered share capital of the Company is THB 2,577,488,835.45.

Please be informed accordingly.

Yours sincerely,

Preecha Nuntnarumit

(Mr.Preecha Nuntnarumit)
Acting Chief Executive Officer