

Ref.: EFORL IR008/2019

March 7, 2019

Subject: Management Discussion and Analysis Yearly Ending 31 December, 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 the year ended 31 December 2018

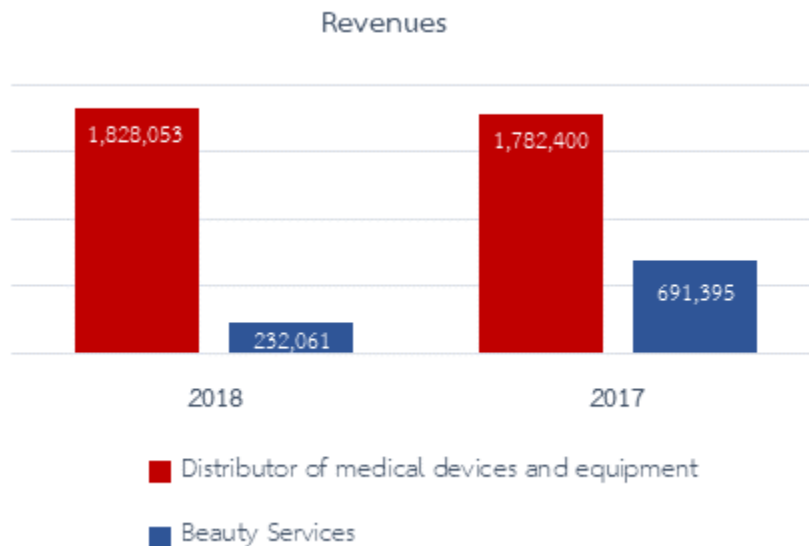
Financial performances Comparison is as follows:

THB'000	Consolidated F/S		Δ%	Separate F/S		Δ%
	2018	2017		2018	2017	
Revenues from Sales and						
Services	2,060,114	2,473,795	-17%	1,640,996	1,631,566	1%
Interest income	2,302	1,045	120%	679	36,148	-98%
Dividend income	-	-	-	15,000	35,000	-57%
Gain on disposal of assets	308,107	-	100%	663	-	100%
Other income	27,987	34,987	-19%	9,226	9,890	-7%
Total Revenues	2,398,510	2,509,827	-4%	1,666,564	1,712,604	-3%
Profit (loss) before loss from						
allowance	149,195	(514,097)	129%	129,365	145,783	-11%
margin	7%	-21%		8%	9%	
Profit / (Loss) before						
interest and taxation	(221,748)	(2,202,353)	90%	(500,440)	(1,134,625)	56%
Margin	-11%	-89%		-30%	-70%	
Profit / (Loss) for the period	(344,719)	(2,415,470)	86%	(621,089)	(1,261,212)	51%
Margin	-17%	-98%		-38%	-77%	
Portion of the Companies'						
shareholders	(166,308)	(1,163,113)	85%	(621,089)	(1,261,212)	51%
Margin	-8%	-47%		-38%	-77%	

"Excellence for Life"

Financial performance in 2018

Revenues from sales and services for the year 2018 is THB 2,060 million decreased by 17% compared with same period last year. The decreasing revenue derived from sale and services by THB 447 million or 68% compared with same period last year.



Services income from beauty services business, Wuttisak Clinic Intergroup Co., Ltd. (“WCIG”) decrease from last year because the company changed in business model from company owned to franchise model since 2017.

In addition, due to highly competitive (both direct and indirect competitors), hospitals are also developing as dermatology and plastic surgery center to provide specialized services by the dermatologists and / or anti-aging which results in some of franchise branches and WCIG branches have been closed during 2018.

According to loss performance and franchise model concept, it affects with significant drop of the business valuation of the subsidiary company due to the recoverable amount is lower than the carrying amount. In 2018, the consolidated financial statements has recorded loss from impairment of THB 505 million consisting of impairment goodwill (THB 86 million), trademark (THB 342 million), building and improvement (THB 54 million) and leasehold improvement (THB 23 million) The consolidated loss of YE 2018 is THB 345 million, increasing by 86% from last year (YE 2017: THB 2,415 million).

Whereas the separate financial statement presented the loss on impairment of THB 701 million consisting of impairment of investment in subsidiary is THB 437 million and loss on loan to subsidiary of THB 265 million. The loss for the period of YE 2018 is THB 621 million decreasing by 51% from last year (YE2017: 1,261 million).

2. Financial Performance Summary – by business

Revenues by business THB'000	Consolidated		
	2018	2017	Δ%
Distributor of medical devices and equipment	1,828,053	1,782,400	3%
Margin	649,877	623,323	4%
Beauty services	232,061	691,395	-66%
Margin	(22,995)	(178,013)	-87%

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).

In the year 2018, revenues from sales and services from Distributor of medical devices and equipment is THB 1,828 million increased by 3% compared with the same period last year.

Over the next three years, medical device business is expected to be growth at an average rate of 8.5-10.0% per year. This growth will be supported by: (i) government policy, focused on promoting investment in the sector through the offering of special investment privileges and the establishment of an official target for Thailand to become a medical hub and a center for the export of medical devices by 2020; (ii) the rising trend of illness in Thais, especially heart disease, stroke, cancer and diabetes due partly to the increasing number of elderly; (iii) the increasing proportion of foreign patients coming for medical treatment in Thai hospitals due to credibility of quality and standard of medical treatment amid upward trend of expatriates and medical tourists; and (iv) plans by existing hospital operators to invest in new hospitals and medical equipment that will support continuous growth momentum in demand for medical devices in Thailand.

Due to growth medical device business, the Company plans to develop new products as follows:

- Early Warning Score Program (EWS): Program to warn and aware to protect Septicemia.
- Linkage system of other medial with Anesthesia Record System which is in under phase II which the Company cooperated with the Faculty of Medicine Siriraj Hospital
- Program to view and collect information of Electrocardiogram and automatic linkage with Hospital Information System (HIS)
- Program to send information from sphygmomanometer and automatic linkage with Hospital Information System (HIS)
- Create and develop an Automated External Defibrillator Networking Control System
- Clean Room, OR, Ceiling Pendant

Gross margin for the year ended 31 December 2018 from distributor of medical devices and equipment business is THB 650 million increased by 4% compared with the same period last year. Gross margin accounted to 36%. The revenues from distributor of medical devices and equipment business by total revenues are 89%.

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). The revenues from beauty service for the year ended 31 December 2018 was THB 232 million decreased by 66% compared with the same period last year.

Significant drop in revenues mainly changing business model to franchise model to reduce burden fixed cost. Due to highly competitive with many players, pricing strategy is the key tool for this industry and customer behavior changed from treatment to plastic surgery concept, this affect with WCIG business.

However beauty business has a revive plan as follows:

- Surgery Center: Negotiation process with business partner in Korea.
- Wuttisak Clinic: Develop and improve new beauty courses, prepare efficient equipment and staff and explore location to open new branches.
- Cosmetic, Supplement, Anti-Aging: It is in the process to develop new products and study suitable distribution channel of the existing products.

- Beauty Center: It is in the process to conduct the feasibility study for branch role model to expand branch under Franchise model in the future.
- Academy and Training: It is the process to develop human resource unit and medical broad of directors to monitor and advice in its business.

Negative gross margin from beauty service business for the year ended 31 December 2018 was 23 million or decreased by 178% compared to the last period. Proportion of revenues beauty service business per total revenues was 11%.

3. Key Highlights for performance for the Year 2018 and Year 2017

THB'000	Consolidated F/S		Δ%	Separate F/S		Δ%
	2018	2017		2018	2017	
Revenues from Sales and Services	2,060,114	2,473,795	-17%	1,640,996	1,631,566	1%
Costs of Sales and Services	(1,431,003)	(2,029,194)	-29%	(1,057,056)	(1,071,607)	-1%
Gross profit	629,111	444,601	42%	583,940	559,959	4%
Interest income	2,302	1,045	120%	679	36,148	-98%
Dividend income	-	-		15,000	35,000	-57%
Gain on disposal of assets	308,107	-	100%	663	-	100%
Other income	27,987	34,987	-19%	9,226	9,890	-7%
Selling expenses	(358,432)	(474,193)	-24%	(291,139)	(286,193)	2%
Administrative expenses	(325,688)	(350,207)	-7%	(117,590)	(113,823)	3%
Loss on impairment of investment in subsidiary	-	-		(436,500)	(1,375,606)	-68%
Loss on impairment of loans to subsidiary	-	-		(264,719)	-	100%
Loss on impairment of assets	(505,135)	(1,858,586)	-73%	-	-	
Finance costs	(134,192)	(170,330)	-21%	(71,414)	(95,198)	-25%
Loss before income tax	(355,940)	(2,372,683)	85%	(571,854)	(1,229,823)	54%
Income tax income (expense)	13,925	8,634	61%	(49,235)	(31,389)	57%
Loss for the year - continued operations	(342,015)	(2,364,049)	86%	(621,089)	(1,261,212)	51%
Loss - discontinued operations	(2,704)	(51,421)	95%	-	-	
Loss for the year	(344,719)	(2,415,470)	86%	(621,089)	(1,261,212)	51%
Other Comprehensive Income (Loss)						

THB'000	Consolidated F/S		Δ%	Separate F/S		Δ%
	2018	2017		2018	2017	
Items that will be reclassified subsequently to profit or loss:						
Surplus on land revaluation – net of tax	66,240	-	100%	-	-	
Items that will not be reclassified subsequently to profit or loss:						
Actuarial gains (loss) - net of tax	4,273	7,490	-43%	498	(656)	176%
Total Comprehensive Income (Loss) for the year	(274,206)	(2,407,980)	89%	(620,591)	(1,261,868)	51%
Loss for the year attributable to						
Equity holder of the Company	(166,308)	(1,163,113)	86%	(621,089)	(1,261,212)	51%
Non-controlling interests	(178,411)	(1,252,357)	86%	-	-	
	(344,719)	(2,415,470)	86%	(621,089)	(1,261,212)	51%
Total Comprehensive Income (Loss) for the year attributable to						
Equity holder of the Company	(121,712)	(1,155,623)	89%	(620,591)	(1,261,868)	51%
Non-controlling interests	(152,494)	(1,252,357)	88%	-	-	
	(274,206)	(2,407,980)	89%	(620,591)	(1,261,868)	51%
Basic Earnings (Loss) per share						
Loss (Baht per share)	(0.0073)	(0.0762)	-90%	(0.0273)	(0.0827)	-67%
Weighted average number of common shares (Thousand shares)	22,740,610	15,257,471	49%	22,740,610	15,257,471	49%
Key Financial Ratios						
Gross Profit Margin	30.5%	18.0%	12.6%	35.6%	34.3%	1.3%
SG&A as % to Sales	-33.2%	-33.3%	0.1%	-24.9%	-24.5%	-0.4%
Net Profit Margin	-16.7%	-97.6%	80.9%	-37.8%	-77.3%	39.5%
Net Profit Margin (Portion of the Company's shareholders)	-8.1%	-47.0%	38.9%	-37.8%	-77.3%	39.5%

Revenues from sales and services

Revenues from sales and services in 2018 were THB 2,060 million decreased by 17% compared to same period at the previous year.

Gross income

Gross income in 2018 was THB 629 million increased by 42% and gross margin on sales was 30.5% increased by 12.6% compared to the same period at the previous year.

Gain on disposal of assets

Gain on disposal of assets of THB 308 million come from disposal right of franchises and the relating assets.

Selling and Administrative Expenses

Selling and Administrative expenses in 2018 were THB 684 million consisting of selling expenses (THB 358 million) and administration expenses (THB 326 million). Selling and administration expenses in 2018 decreased by 17% compared to the same period at the previous year.

Loss on impairment of investment in subsidiary and loan to subsidiary

In separate accounts in the year 2018, loss on impairment of investment in subsidiary of THB 437 million and loss on impairment from loan to subsidiary of THB 265 million came from the subsidiary had loss performance resulting in the recoverable amount is lower than the carrying amount of investment. However, if the performance of the company is turnaround to positive, such provision will be reversed.

As loss performance and unappropriated franchise model of WCIG affecting the decrease in business valuation, the consolidated accounts has been recognised loss on impairment of THB 505 million. This consists of impairment on Goodwill (THB 86 million), Trademark (THB 342 million) and building and improvement (THB 54 million) and leasehold improvement (THB 23 million). The consolidated loss of 2018 is THB 345 million, decrease by 86% from last year. .

Loss on impairment of assets

The consolidated performance in the year 2018, the group of the Company has recognised loss on impairment of THB 505 million. This consists of impairment on Goodwill (THB 86 million), Trademark (THB 342 million) and building and improvement (THB 54 million) and leasehold improvement (THB 23 million).

Financial costs

A financial cost in 2018 was THB 134 million decreased by 21% compared to the same period at the previous year.



Net income/ Loss

In 2018, the Company made a loss of THB 345 million or -16.7% and loss from portion of the Company's shareholders of THB 166 million or -8.1%.

Please be informed accordingly.

Yours sincerely,

Preecha Nuntnarumit

(Mr.Preecha Nuntnarumit)

Chief Executive Officer