

# Ocean Glass Public Company Limited

## Management Discussion and Analysis

Consolidated Financial Results  
For the period ended September 30, 2020

### Operating Results

#### 3<sup>rd</sup> Quarter 2020

In the 3<sup>rd</sup> quarter of 2020, Ocean Glass Public Company Limited and its subsidiaries (“the Company”) reported consolidated revenues of Baht 277.3 million, decreased by 42.3% compared to the same quarter last year, majorly due to the Covid-19 pandemic situation that has been continuing to adversely affect sales performance of the Company. Export sales decreased by 44.5% due to customers in India, ASEAN, and America cut their orders considering lack of demand in the market. Excess production in China caused extra problems as the local production could not be shipped out due to pandemic, resulting into an intense competition and price in China. For domestic, with the concerns on Covid-19 situation, hotels, restaurants, and B2B customers faced reduced demand from the market, causing decrement in domestic sales by 35.7%.

The Company reported gain from foreign exchange hedging at Baht 2.1 million. Other income reported at Baht 0.9 million from transportation, sales of scraps, and obsolete equipment. Gross profit margin slightly increased from 32.2% to 32.8% from energy favorable prices. Costs were controlled and the total expenses in quarter 3 reported at Baht 333.6 million, a decrease of 25.9% over the same period last year. As a result, the Company reported net loss of Baht 46.6 million. Loss per share presented at Baht 2.19.

#### Nine-Month Period

The Company reported consolidated revenues of Baht 730.6 million, decreased by 43.6%. Sales revenues reported Baht 727.8 million, decreased by 42.9%. Export sales decreased by 45.4%, while domestic sales decreased by 34.9%. Other income reported at Baht 2.8 million from transportation, sales of scraps, and obsolete equipment.

Gross profit margin increased from 32.1% to 34.7% from favorable energy prices. Total expenses were Baht 981.1 million, decreased by 26.5% from controlled spending measurements. As a result, the Company reported net loss of Baht 203.0 million. Loss per share presented at Baht 9.52.

## Statement of Comprehensive Income

### Total Revenues (Million Baht)

	Quarterly		Change	Nine-month End September 30		Change
	3/2020	3/2019	%	2020	2019	%
Revenue from sales						
Domestic sales	76.3	118.6	(35.7)	193.0	296.4	(34.9)
Export sales	198.0	357.0	(44.5)	534.9	978.7	(45.4)
<b>Total revenue from sales</b>	<b>274.3</b>	<b>475.6</b>	<b>(42.3)</b>	<b>727.8</b>	<b>1,275.1</b>	<b>(42.9)</b>
Foreign exchange gain	2.1	1.8	17.5	-	13.4	(100.0)
Other income	0.9	3.3	(72.7)	2.8	7.6	(63.5)
<b>Total revenues</b>	<b>277.3</b>	<b>480.7</b>	<b>(42.3)</b>	<b>730.6</b>	<b>1,296.0</b>	<b>(43.6)</b>

### Total Expenses (Million Baht)

	Quarterly		Change	Nine-month End September 30		Change
	3/2020	3/2019	%	2020	2019	%
Cost of goods sold	184.4	322.5	(42.8)	475.4	865.4	(45.1)
Temporary shutdown expenses	51.5	10.6	386.3	160.0	93.1	71.9
Allowance for the decline in value of inventory	2.2	0.9	150.6	12.4	3.9	219.9
Selling expenses	49.7	73.7	(32.6)	157.1	216.5	(27.4)
Administrative expenses	38.8	38.0	2.1	98.0	142.5	(31.2)
Foreign exchange loss	-	-	-	61.0	-	100.0
Finance costs	7.0	4.3	63.2	17.3	13.8	25.4
<b>Total expenses</b>	<b>333.6</b>	<b>450.0</b>	<b>(25.9)</b>	<b>981.1</b>	<b>1,335.1</b>	<b>(26.5)</b>

### 3<sup>rd</sup> Quarter 2020

#### ▪ Cost of Goods Sold

Total cost of goods sold presented at Baht 184.4 million, decreased by 42.8% along with the decline in sales value and favorable energy prices.

#### ▪ Temporary Shutdown Expenses

Temporary shutdown for maintenance and inventory management caused expense of Baht 51.5 million, increased by 386.3% compared to the same quarter last year.

#### ▪ Allowance for the Decline in Value of Inventory

Allowance for the decline in value of inventory presented at Baht 2.2 million, increased by 150.6% due to provision of obsolete and long-aged finished products.

- **Selling and Administrative Expenses**

Selling expenses presented at Baht 49.7 million decreased by 32.6% and administrative expenses presented at Baht 38.8 million slightly increased by 2.1%.

- **Finance Costs**

Finance costs presented at Baht 7.0 million, increased by Baht 2.7 million due to getting higher amount of loan for 3 to 6 months in order to have higher cash liquidity to avoid any eventuality during the Coronavirus 2019 pandemic. Loaned amount was reserved to mitigate liquidity risks in business operations. The Company shall continue to monitor the pandemic situation in core markets and reduce the loaned amount accordingly.

### Nine-Month Period

- **Cost of Goods Sold**

Total cost of goods sold presented at Baht 457.4 million, decreased by 45.1% along with the decline in sales value and favorable in energy price.

- **Temporary Shutdown Expenses**

Temporary shutdown for maintenance and inventory management causing expense of Baht 160.0 million, increased by 71.9% from last year.

- **Allowance for the Decline in Value of Inventory**

Allowance for the decline in value of inventory presented at Baht 12.4 million, increased by 219.9% due to write off obsolete raw material, provision of Crystalline cullet and provision of obsolete and long-aged finished products.

- **Selling and Administrative Expenses**

Selling expenses presented at Baht 157.1 million, and administrative expenses presented at Baht 98.0 million, decreased by 27.4% and 31.2% respectively, from expense controlled measurements.

- **Finance Costs**

Finance costs presented at Baht 17.3 million, increased Baht 3.5 million due to interest expenses of loans.

## Statements of Financial Position as at September 30, 2020

	September 30, 2020 (Million Baht)	December 31, 2019 (Million Baht)	Change (%)
Current Assets	1,388.8	1,342.8	3.4
Non-Current Assets	2,270.1	1,886.4	20.3
<b>Total Assets</b>	<b>3,658.9</b>	<b>3,229.2</b>	<b>13.3</b>
Current Liabilities	1,223.3	966.2	26.6
Non-Current Liabilities	569.7	390.2	46.0
<b>Total Liabilities</b>	<b>1,793.0</b>	<b>1,356.4</b>	<b>32.2</b>
<b>Total Shareholders' Equity</b>	<b>1,865.9</b>	<b>1,356.4</b>	<b>(0.4)</b>
Current Ratio (times)	1.14	1.39	
Debt to Equity Ratio (times)	0.96	0.72	

### **Total Assets**

As of September 30, 2020, total assets presented at Baht 3,658.9 million, increased by 13.3%. Current assets were Baht 1,388.8 million, increased by 3.4% from cash at bank due to draw down long-term loan from financial institution and increment in inventory. Non-current assets presented at Baht 2,270.1 million, increase by 20.3% from gain on land revaluation and recognition of Right-of-Use Assets, according to TFRS16 - Leases, amounted Baht 41.5 million.

### **Total Liabilities**

Total liabilities presented at Baht 1,793.0 million, increased by 32.2% from short-term and long-term loans and the recognition of lease liabilities according to TFRS No.16 - Leases.

### **Total Shareholders' Equity**

Total shareholders' equity presented at Baht 1,865.9 million, decreased by 0.4% from the recognition of operating loss net with gain from land revaluation and dividend payment.