

Ref.: EFORL IR 017/2019

May 16, 2019

Subject: Management Discussion and Analysis for the first quarter ended 31 March 2019

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 Q1/2019

Financial performances Comparison is as follows:

THB'000	Consolidated		Δ%	Separate		Δ%
	Q1/2019	Q1/2018		Q1/2018	Q1/2017	
Revenues from sales and services of medical equipment	460,711	366,698	26%	382,283	320,648	19%
Revenues from beauty treatment services	28,983	162,816	-82%	-	-	
Interest income	2,184	121	1,705%	591	121	388%
Gain on disposal of assets	2,119	309,034	-99%	-	-	
Revenue from franchise	-	1,836	-100%	-	-	
Other income	4,552	13,328	-66%	4,187	5,055	-17%
Total Revenues	498,549	853,833	-42%	387,061	325,824	19%
Profit (Loss) before income tax	(25,492)	200,062	-113%	25,757	(7,853)	-428%
Margin	-5%	38%		7%	-2%	
Profit (Loss) for the period	(39,917)	191,233	-121%	13,472	(12,024)	-212%
Margin	-8%	36%		4%	-4%	
Profit (Loss) for the period attributable to Equity holder of the Company	(9,428)	101,512	-109%	13,472	(12,024)	-212%
Margin	-2%	19%		4%	-4%	

"Excellence for Life"



Financial performance in Q1/2019

Revenues from sales and services of EFORL and its subsidiaries in Q1/2019 was THB 490 million decreased by 8% compared to the same period at the previous year. It derived from:

- Sales and services of medical equipment of THB 461 million increasing by 26% compare to the same period at the previous year (sales and services of medical equipment includes revenues from sales of medical equipment, revenues from sales of beauty product and services of medical equipment)

- Revenue from beauty treatment services of THB 29 million decreasing by 82% compares to the same period at the previous year. In 1Q/2018, Wuttisak Clinic InterGroup Co., Ltd. (“Wuttisak Clinic”) has changed the business model to franchise model by disposal of assets and franchise of 55 branches and closed some poor performance branches. Therefore there are currently 19 branches owned by the company causing lower significant revenues than the same period at the previous year.

In 1Q/2019, the Company has a loss of Baht 40 million, increasing loss by 121% because Wuttisak clinic recognised gain on sale asset from franchise agreement of Baht 309 million. This results that the Company has net profit of Baht 191 million in Q1/2018.

Financial Performance Summary – by business

Revenues by business THB*000	Consolidated		
	Q1/2019	Q1/2018	Δ%
Distributor of medical devices and equipment	445,864	359,348	24%
Margin	163,554	127,930	28%
Beauty services	43,830	170,166	-74%
Margin	(9,617)	(16,225)	-41%

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 446 million increased by 24% compared



to the same period in the previous year, due to the Company plans to develop salesman and products.

Gross margin in Q1/2019 from distributor of medical devices and equipment business was THB 164 million increased by 28% comparing to the same period in the previous year. Gross margin accounted to 37% and the revenues from distributor of medical devices and equipment business by total revenues was 91%.

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 Q1/2019 were THB 44 million decreased by 74% comparing to the same period in the previous year. In 1Q/2018, Wuttisak Clinic InterGroup Co., Ltd. (“Wuttisak Clinic”) changed the business model to franchise model by disposal of assets and franchise of 55 branches and closed some poor performance branches resulting in significant lower revenue than last year. Wuttisak clinic currently has 19 branches.

Gross margin from beauty service business in Q1/2019 was THB 10 million or decreased by 41% comparing to the same period in the previous year. As the poor performance branches are closed resulting in lower fixed cost, negative margin is lower than last year. The proportion of revenues beauty service business per total revenues was 9%.

2. Key Highlights for performance for the first quarter 2019 and 2018

THB'000	Consolidated		Δ%	Separate		Δ%
	1Q2019	1Q2018		1Q2019	1Q2018	
Revenues from sales and services	489,694	529,514	-8%	382,283	320,648	19%
Costs of sales and services	(335,853)	(416,020)	-19%	(242,001)	(209,171)	16%
Gross profit	153,841	113,494	36%	140,282	111,477	26%
Interest income	2,184	121	1705%	591	121	388%
Gain on disposal of assets	2,119	309,034	-99%	-	-	
Revenue from franchise	-	1,836	-100%	-	-	
Other income	4,552	13,328	-66%	4,187	5,055	-17%
Selling expenses	(88,123)	(106,197)	-17%	(72,706)	(72,496)	0%
Administrative expenses	(71,496)	(97,838)	-27%	(29,136)	(32,536)	-10%
Impairment of investment in subsidiary	-	-		(3,723)	-	100%
Finance costs	(28,569)	(33,716)	-15%	(13,738)	(19,474)	-29%



THB '000	Consolidated		Δ%	Separate		Δ%
	1Q2019	1Q2018		1Q2019	1Q2018	
Profit (loss) before income tax	(25,492)	200,062	-113%	25,757	(7,853)	-428%
Income tax	(14,425)	(6,125)	136%	(12,285)	(4,171)	195%
Profit (loss) for the period - continued						
operations	(39,917)	193,937	-121%	13,472	(12,024)	-212%
Loss - discontinued operations	-	(2,704)	-100%	-	-	
Profit (loss) for the period	(39,917)	191,233	-121%	13,472	(12,024)	-212%
Profit (loss) for the period attributable to						
Equity holder of the Company	(9,428)	101,512	-109%	13,472	(12,024)	-212%
Non-controlling interests	(30,490)	89,721	-134%	-	-	
Key Financial Ratios						
Gross profit margin	31.4%	21.4%	10.0%	36.7%	34.8%	1.9%
SG&A as % to sales	32.6%	38.5%	-5.9%	26.6%	32.8%	-6.1%
Net profit margin	-8.2%	36.1%	-44.3%	3.5%	-3.7%	7.3%
Net profit margin (Portion of the Company's shareholders)	-1.9%	19.2%	-21.1%	3.5%	-3.7%	7.3%

Revenues from sales and services

Revenues from sales and services in Q1/2019 were THB 490 million decreased by 8% compared to same period at the previous year due to lower number branches than last year from franchise model and close poor performance.

Gross margin

Gross margin in Q1/2019 was THB 154 million increased by 36% compared to the same period at the previous year. Gross margin on sales in Q1/2019 was 31.4% increased by 10% from last year.

Selling and Administrative Expenses

Selling and Administrative expenses in Q1/2019 were THB 160 million consisting of selling expenses (THB 88 million) and administration expenses (THB 71 million). Selling expenses and Administrative expenses in Q1/2019 decreased by 22 comparing to the same period at the previous year.



SG&A as % to sales in Q1/2019 was 32.6% decreased by 5.9% comparing to the same period at the previous year.

Financial costs

Financial costs in Q1/2019 were THB 29 million decreased by 15% compared to the same period at the previous year.

Net loss

In Q1/2019, net loss of THB 40 million increases by 121% compared to the same period at the previous year. Profit from portion of the Company's shareholders of THB 9 million increased by 109% compare to the same period at the previous year.

Please be informed accordingly.

Yours sincerely,

Preecha Nuntnarumit

(Mr. Preecha Nuntnarumit)
Chief Executive Officer