

Ref.: EFORL IR 024/2019

August 15, 2019

**Subject:** Management Discussion and Analysis Quarter 2 Ending 30 June 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 Q2/2019

Financial performances Comparison is as follows:

THB'000	Q2/2019	Q2/2018	Δ%	Q1/2019	Δ%
Revenues from sales and services	484,581	469,770	3%	489,694	-1%
Interest income	2,381	129	1,746%	2,184	9%
Gain on disposal of assets	-	-		2,119	-100%
Other income	7,251	3,503	107%	4,552	59%
<b>Total Revenues</b>	<b>494,213</b>	<b>473,402</b>	<b>4%</b>	<b>498,549</b>	<b>-1%</b>
<b>Profit / (Loss) before interest and taxation</b>	<b>(44,109)</b>	<b>(4,437)</b>	<b>894%</b>	<b>3,077</b>	<b>-1,534%</b>
Margin	-9%	-1%		1%	
<b>Profit / (Loss) for the period</b>	<b>(84,511)</b>	<b>(47,544)</b>	<b>78%</b>	<b>(39,917)</b>	<b>112%</b>
Margin	-17%	-10%		-8%	
<b>Portion of the Companies' shareholders</b>	<b>(26,632)</b>	<b>(6,923)</b>	<b>285%</b>	<b>(9,428)</b>	<b>182%</b>
Margin	-5%	-1%		-2%	

**Financial performance in Q2/2019**

Revenues from sales and services of EFORL and its subsidiaries in Q2/2019 was THB 485 million increased by 3% in comparison with the same period at the previous year and decreased by 1% compared to the last quarter. It derived from:

- Revenues from sales and services of medical equipment in Q2/2019 were THB 441 million increased by 4% in comparison with the same period at the previous year.
- Revenues from sales and beauty treatment services in Q2/2019 were THB 44 million decreased by 8% in comparison with the same period at the previous year.

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In 2Q/2019, the Company has loss of THB 85 million, increased loss by 78% comparing to the same period at the previous year. The main reason is due to the increase in marketing and advertising expenses from revamping beauty business under Wuttisak Cosmetic Inter Co., Ltd.

## 2. Financial Performance Summary – by business

Revenues by business	Consolidated			
	THB'000	Q2/2019	Q2/2019	Δ%
<b>Distributor of medical devices and equipment</b>		<b>451,157</b>	<b>415,547</b>	<b>9%</b>
Margin		163,818	160,282	2%
<b>Beauty services</b>		<b>33,424</b>	<b>54,223</b>	<b>-38%</b>
Margin		(23,976)	(9,124)	163%

Revenues by business	Consolidated			
	THB'000	H1/2019	H1/2018	Δ%
<b>Distributor of medical devices and equipment</b>		<b>897,021</b>	<b>774,895</b>	<b>16%</b>
Margin		327,372	288,212	14%
<b>Beauty services</b>		<b>77,254</b>	<b>145,663</b>	<b>-47%</b>
Margin		(33,593)	(25,349)	33%

### 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 451 million increased by 9% in comparison with the same period at the previous year. The Company plans to improve and increase the sales team to increase sales efficiency in distributor of medical devices and equipment business, expanding the existing customer base and new customers and increase new products such as Early Warning Score Program (EWS): Program to warn and aware to protect Septicemia, Linkage system of other medial with Anesthesia Record System, 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 and Smart OPD and IPD system.

Gross margin in Q2/2019 from distributor of medical devices and equipment business was THB 164 million increased by 2% compared to the same period in the previous year. Gross margin accounted to 36.3% and the proportion of revenues from distributor of medical devices and equipment business by total revenues was 93.1%.

### Beauty service business

Beauty service business has been operated by Wuttisak Clinic InterGroup Co., Ltd. (held shares by WCI Holding PCL) and Siam snail Co., Ltd. (Subsidiary). Revenues from beauty service in Q2/2019 were THB 34 million decreased by 38% compared to the same period in the previous year.

However the third quarter of 2019 WCI Holding PCL revamps its business strategy to distribute beauty products by setting Wuttisak Cosmetic Inter Co., Ltd. (“Wuttisak Cosmetic”) under the Beauty Living concept. This focuses to distribute cosmetic, skincare and functional foods under brand Wuttisak by launching new distribution channel in the form of the first and flagship pop-up concept store "Wuttisak Beauty Station" at Rajdamri BTS Station. It expects to reach customer as beauty service providers from treatment, nail spa, eyelash extension and functional drink.

Loss margin from beauty service business in Q2/2019 was THB 23 million or increasing loss by 163% in comparison with the same period in the previous year. Negative gross margin accounted to -71.7% and the proportion of revenues beauty service business per total revenues was 6.9%.

### 3. Key Highlights for performance for the second quarter 2019 and 2018

THB'000	Q2/2019	Q2/2018	Δ%	H1/2019	H1/2018	Δ%
Revenues from sales and services	484,581	469,770	3%	974,275	920,558	6%
Costs of sales and services	(345,700)	(318,272)	9%	(681,553)	(655,566)	4%
<b>Gross profit</b>	<b>138,881</b>	<b>151,498</b>	<b>-8%</b>	<b>292,722</b>	<b>264,992</b>	<b>10%</b>
Interest income	2,381	129	1,746%	4,565	250	1,726%
Gain on disposal of assets	-	-	-	-	309,034	-100%
Other income	7,251	3,503	107%	13,922	18,667	-25%
Selling expenses	(114,508)	(82,176)	39%	(202,631)	(188,373)	8%
Administrative expenses	(78,114)	(77,391)	1%	(149,610)	(175,229)	-15%
Finance costs	(27,887)	(32,990)	-15%	(56,456)	(66,706)	-15%
<b>Profit (loss) before income tax</b>	<b>(71,996)</b>	<b>(37,427)</b>	<b>92%</b>	<b>(97,488)</b>	<b>162,635</b>	<b>-160%</b>
Income tax	(12,515)	(10,117)	24%	(26,940)	(16,242)	66%

THB'000	Q2/2019	Q2/2018	Δ%	H1/2019	H1/2018	Δ%
Profit (loss) for the period - continued operations	(84,511)	(47,544)	78%	(124,428)	146,393	-185%
Loss - discontinued operations	-	-		-	(2,704)	-100%
<b>Profit (loss) for the period</b>	<b>(84,511)</b>	<b>(47,544)</b>	<b>78%</b>	<b>(124,428)</b>	<b>143,689</b>	<b>-187%</b>
Profit (loss) for the period attributable to						
Equity holder of the Company	(26,632)	(6,923)	285%	(36,060)	94,589	-138%
Non-controlling interests	(57,879)	(40,621)	42%	(88,368)	49,100	-280%
<b>Key Financial Ratios</b>						
Gross profit margin	28.7%	32.2%	-3.6%	30.0%	28.8%	1.3%
SG&A as % to sales	39.8%	34.0%	5.8%	36.2%	39.5%	-3.3%
Net profit margin	-17.4%	-10.1%	-7.3%	-12.8%	15.6%	-28.4%
Net profit margin (Portion of the Company's shareholders)	-5.5%	-1.5%	-4.0%	-3.7%	10.3%	-14.0%

#### Revenues from sales and services

Revenues from sales and services in Q2/2019 were THB 485 million increased by 3% comparing to same period at the previous year.

#### Gross margin

Gross margin in Q2/2019 was THB 139 million decreased by 8% comparing to the same period at the previous year. Gross profit margin ratio in Q2/2019 was 28.7% decreased by 3.6% comparing to the same period at the previous year.

#### Selling and Administrative Expenses

Selling and Administrative expenses in Q2/2019 were THB 193 million consisting of selling expenses (THB 115 million) and administration expenses (THB 78 million). Selling expenses and Administrative expenses in Q2/2019 increased by 20.7 % comparing to the same period at the previous year. It is mainly due to the selling promotion and advertising expenses from Wuttisak Cosmetic launching Wuttisak Beauty Station to expand its business into the total beauty solutions provider market.

Selling and Administrative expenses as percentage to sales in Q2/2019 were 39.8% increased by 5.8% comparing to the same period at the previous year.



### **Financial costs**

Financial costs in Q2/2019 were THB 28 million decreased by 15% compared to the same period at the previous year.

### **Net income/ Loss**

In Q2/2019, the net loss of EFORL and its subsidiaries was THB 85 million or increased (loss) by 78% comparing to the same period at the previous year. Net profit margin ratio was -17.4 (negative). Loss for the period attributable to Equity holder of the Company was THB 27 million, increased by 285% comparing to the same period at the previous year, Net profit margin (Portion of the Company's shareholders) ratio was -5.5 (negative)

Please be informed accordingly.

Yours sincerely,

*Preecha Nuntnarumit*

(Mr. Preecha Nuntnarumit)

Chief Executive Officer