

Ref.: EFORL IR 036/2019

November 14, 2019

Subject: Management Discussion and Analysis Quarter 3 Ending 30 September 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 Q3/2019

Financial performances Comparison is as follows:

(Unit : Thousand Baht)

Consolidate F/S	Q3/2019	Q3/2018	Δ%	Q2/2019	Δ%	Q1/2019	Δ%
Revenues from sales and services	508,737	534,355	-5%	484,581	5%	489,694	4%
Interest income	1,881	100	1,781%	2,381	-21%	2,184	-14%
Gain on disposal of assets	-	-		-		2,119	-100%
Other income	8,810	3,909	125%	7,251	22%	4,552	94%
Total revenues	519,428	538,364	-4%	494,213	5%	498,549	4%
Profit (loss) before interest and income tax	(19,757)	15,488	-228%	(44,109)	-55%	3,077	-742%
Margin	-4%	3%		-9%		1%	
Profit (loss) for the period	(59,449)	(34,287)	73%	(84,511)	-30%	(39,917)	49%
Margin	-12%	-6%		-17%		-8%	
Profit (loss) for the period attributable to equity holder of the company	(10,892)	6,054	-280%	(26,632)	-59%	(9,428)	16%
Margin	-2%	1%		-5%		-2%	

"Excellence for Life"

(Unit : Thousand Baht)

Separate F/S	Q3/2019	Q3/2018	Δ%	Q2/2019	Δ%	Q1/2019	Δ%
Revenues from sales and services	404,061	414,176	-2%	393,763	3%	382,283	6%
Interest income	264	126	110%	580	-54%	591	-55%
Dividend income	-	-		15,000	-100%	-	
Other income	5,685	1,152	393%	4,935	15%	4,187	36%
Total revenues	410,010	415,454	-1%	414,278	-1%	387,061	6%
Profit (loss) before loss on impairment of investment in subsidiary, interest and income tax	52,851	50,843	4%	63,870	-17%	43,218	22%
Margin	13%	12%		16%		11%	
Profit (loss) for the period	29,433	21,927	34%	40,161	-27%	13,472	118%
Margin	7%	5%		10%		4%	
Profit (loss) for the period attributable to equity holder of the company	29,433	21,927	34%	40,161	-27%	13,472	118%
Margin	7%	5%		10%		4%	

Financial performance in Q3/2019

Revenues from sales and services of EFORL and its subsidiaries in Q3/2019 was THB 509 million decreased by 5% compared to the same period at the previous year. It derived from:

- Revenues from sales and services of medical equipment were THB 471 million decreased by 3% in comparison with the same period at the previous year, increased by 7% and 2% compared to Q2/2019 and Q1/2019, respectively.
- Revenues from sales and beauty treatment services were THB 38 million decreased by 22% in comparison with the same period at the previous year,

decreased by 15% and increased by 29% compared to Q2/2019 and Q1/2019, respectively.

The Company and its subsidiary companies made a loss of THB 56 million in Q3/2019 or loss increased by 73% compared 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.

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.

2. Financial Performance Summary – by business

(Unit : Thousand Baht)

Revenues by business	Q3/2019	Q3/2018	Δ%	Q2/2019	Δ%	Q1/2019	Δ%
Distributor of medical devices and equipment	452,572	482,331	-6%	451,157	0%	445,864	2%
Margin	168,235	165,941	1%	163,818	3%	163,554	3%
Beauty services	56,165	52,024	8%	33,424	68%	43,830	28%
Margin	(8,358)	6,280	-233%	(23,976)	-65%	(9,617)	-13%

(Unit : Thousand Baht)

Revenues by business	Nine-Month/2019	Nine-Month/2018	Δ%
Distributor of medical devices and equipment	1,349,593	1,257,226	7%
Margin	495,607	454,153	9%
Beauty services	133,419	197,687	-33%
Margin	(41,951)	(22,510)	86%

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 453 million, decreased by 6% compared to the same period in the previous year.

Revenues from sales and services from distributor of medical devices and equipment at the nine-month of 2019 was THB 1,350 million increased by 7% compared to the same period in 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 Q3/2019 from distributor of medical devices and equipment business was THB 168 million increased by 1% compared 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 89%.

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 Q3/2019 was THB 56 million increased by 8% compared to the same period in the previous year. Revenue from beauty services at the nine-month of 2019 was THB 133 million decreased by 33% compared to the same period in the previous year.

Loss margin from beauty service business in Q3/2019 was THB 8 million, Loss increased by 233% compared to the same period in the previous year. Gross margin of sales in Q3/2019 accounted to -15% and proportion of revenues beauty service business per total revenues was 11%.

3. Key Highlights for performance for the Q3/2019 and Nine-Month/2019

(Unit : Thousand Baht)

Consolidate F/S	Q3/2019	Q3/2018	Δ%	Nine- Month/2019	Nine- Month/2018	Δ%
Revenues from sales and services	508,737	534,355	-5%	1,483,012	1,454,913	2%
Costs of sales and services	(348,124)	(362,044)	-4%	(1,029,677)	(1,021,051)	1%
Gross margin	160,613	172,311	-7%	453,335	433,862	4%
Interest income	1,881	100	1,781%	6,446	350	1,742%
Gain on disposal of assets	-	-		-	309,034	-100%
Other income	8,810	3,909	125%	22,732	22,576	1%
Selling expenses	(125,246)	(86,415)	45%	(327,877)	(274,788)	19%
Administrative expenses	(65,815)	(74,417)	-12%	(215,425)	(246,205)	-13%
Finance costs	(26,967)	(36,872)	-27%	(83,423)	(103,578)	-19%
Profit (loss) before income tax	(46,724)	(21,384)	-118%	(144,212)	141,251	-202%
Income tax	(12,725)	(12,903)	-1%	(39,665)	(29,145)	36%
Profit (loss) for the period - continued operations	(59,449)	(34,287)	-73%	(183,877)	112,106	-264%
Loss - discontinued operations	-	-		-	(2,704)	-100%
Profit (loss) for the period	(59,449)	(34,287)	-73%	(183,877)	109,402	-268%
Profit (loss) for the period attributable to						
Equity holder of the Company	(10,892)	6,054	-280%	(46,952)	100,643	-147%
Non-controlling interests	(48,557)	(40,341)	-20%	(136,925)	8,759	1,663%
Key Financial Ratios						
Gross profit margin	31.6%	32.2%	-0.7%	30.6%	29.8%	0.7%
SG&A as % to sales	37.6%	30.1%	7.5%	36.6%	35.8%	0.8%
Net profit margin	-11.7%	-6.4%	-5.3%	-12.4%	7.5%	-19.9%
Net profit margin (Portion of the Company's shareholders)	-2.1%	1.1%	-3.3%	-3.2%	6.9%	-10.1%

(Unit : Thousand Baht)

Separate F/S	Q3/2019	Q3/2018	Δ%	Nine- Month/2019	Nine- Month/2018	Δ%
Revenues from sales and services	404,061	414,176	-2%	1,180,107	1,115,474	6%
Costs of sales and services	(255,755)	(267,145)	-4%	(747,817)	(713,764)	5%
Gross margin	148,306	147,031	1%	432,290	401,710	8%
Interest income	264	126	110%	1,435	436	229%
Dividend income	-	-		15,000	15,000	0%
Other income	5,685	1,152	393%	14,807	6,054	145%
Selling expenses	(69,784)	(73,588)	-5%	(212,720)	(216,307)	-2%
Administrative expenses	(31,620)	(23,878)	32%	(90,873)	(86,155)	5%
Loss on impairment of investment in subsidiary	-	-		(3,723)	-	100%
Finance costs	(11,826)	(17,865)	-34%	(38,459)	(56,264)	-32%
Profit (loss) before income tax	41,025	32,978	24%	117,757	64,474	83%
Income tax	(11,592)	(11,051)	5%	(34,691)	(24,777)	40%
Profit (loss) for the period	29,433	21,927	34%	83,066	39,697	109%
Profit (loss) for the period attributable to						
Equity holder of the Company	29,433	21,927	34%	83,066	39,697	109%
Non-controlling interests	-	-		-	-	
Key Financial Ratios						
Gross profit margin	36.7%	35.5%	1.2%	36.6%	36.0%	0.6%
SG&A as % to sales	25.1%	23.5%	1.6%	25.7%	27.1%	-1.4%
Net profit margin	7.3%	5.3%	2.0%	7.0%	3.6%	3.5%
Net profit margin (Portion of the Company's shareholders)	7.3%	5.3%	2.0%	7.0%	3.6%	3.5%

Revenues from sales and services

Revenues from sales and services in Q3/2019 were THB 509 million decreased by 3% comparing to same period at the previous year. Whereas such total revenue and services for nine months period of 2019 was THB 1,483 million increased 2% comparing to the same period at the previous year.

Gross margin

Gross margin in Q3/2019 was THB 161 million decreased by 7% comparing to the same period at the previous year. Whereas gross margin for the nine months period of 2019 was THB 453 million increased by 4% comparing to the same period as the previous year.

Gross profit margin ratio in Q3/2019 was 31.6% decreased by 0.7% comparing to the same period at the previous year.

Selling and Administrative expenses

Selling and Administrative expenses in Q3/2019 were THB 191 million consisting of selling expenses (THB 125 million) and administration expenses (THB 66 million). Selling expenses and administrative expenses in Q3/2019 increased by 19 % comparing to the same period at the previous year. It came from the selling promotion and advertising expenses from Wuttisak Cosmetic launching Wuttisak Beauty Living concept.

Selling and administrative expenses as percentage to sales and services in Q3/2019 were 37.6% increased by 7.5% comparing to the same period as last year.

Financial costs

Financial costs in Q3/2019 were THB 30 million decreased by 27% comparing to the same period at the previous year. Whereas financial cost for the nine months period of 2019 was THB 83 million decreased by 19% comparing to the same period at the previous year.

Net income/ Loss

In Q3/2019, the net loss of EFORL and its subsidiaries was THB 59 million and net profit margin ratio was -11.7 (negative). Loss for the period attributable to Equity holder of the Company was THB 11 million and net profit margin (Portion of the Company's shareholders) ratio was -2.1 (negative)

Please be informed accordingly.

Yours sincerely,

Preecha Nuntnarumit

(Mr. Preecha Nuntnarumit)

Chief Executive Officer