

Ocean Glass Public Company Limited

Management Discussion and Analysis

Consolidated Financial Results
For the period ended March 31, 2020

Operating Results

In the 1st quarter of 2020, Ocean Glass Public Company Limited and its subsidiaries (“the Company”) reported consolidated revenues of Baht 277.1 million, decreased by 28.8% compared to the same quarter last year. Sales revenues reported at Baht 276.1 million, decreased by 28.2%, majorly due to the Covid-19 pandemic situation causing lockdown in many countries that has majorly disrupted of tourism and hospitality industries. As a result, export sales decreased by 30.7%, while domestic sales decreased by 19.7%. Baht 1.0 million revenue came from other activities, transportation, sales of scraps, and obsolete equipment.

Gross profit margin increased from 33.1% to 35.2% due to favorable energy prices. Total expenses were Baht 404.4 million, decreased by 5.2% through budget controlled measurement. However, due to the increment of temporary shutdown expenses and loss from foreign exchange, the Company reported net loss of Baht 102.0 million. Loss per share reported at Baht 4.78.

Statement of Comprehensive Income

- **Total Revenues (Million Baht)**

	Quarterly		Change
	1/2020	1/2019	%
Sales			
Domestic Sales	71.0	88.4	(19.7)
Export Sales	205.1	295.8	(30.7)
Total Sales	276.1	384.2	(28.2)
Foreign Exchange Gain	-	3.3	(100.0)
Other Income	1.0	1.8	(41.7)
Total Revenues	277.1	389.3	(28.8)

▪ **Total Expenses (Million Baht)**

	Quarterly		Change
	1/2020	1/2019	%
Cost of Goods Sold	178.8	257.2	(30.5)
Temporary Shutdown Expenses	44.8	43.9	2.3
Allowance for the decline in value of inventory	6.0	1.3	361.6
Selling Expenses	63.6	73.1	(12.9)
Administrative Expenses	32.8	46.5	(29.4)
Foreign Exchange Loss	74.2	-	100.0
Finance Costs	4.2	4.8	(13.1)
Total Expenses	404.4	426.8	(5.2)

▪ **Cost of Goods Sold**

Total cost of goods sold presented at Baht 178.8 million, decreased by 30.5% along with the decline in sales value and favorable in energy price.

▪ **Temporary Shutdown Expenses**

Temporary shutdown to reduce and manage the inventory at the factory warehouses caused an expense of Baht 44.8 million, an increase of 2.3%.

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

Allowance for the decline in value of inventory presented at Baht 6.0 million, increased by 361.6% due to provision of Crystalline cullet and provision of obsolete and long-aged finished products.

▪ **Selling and Administrative Expenses**

Selling expenses presented at Baht 63.6 million, and administrative expenses presented at Baht 32.8 million, decreased by 12.9% and 29.4% respectively, due to expense controlled measurements.

▪ **Loss on Foreign Exchange**

Loss on foreign exchange presented at Baht 74.2 million, increase by 100.0% from forward contract.

▪ **Finance Costs**

Finance costs presented at Baht 4.2 million, decreased by 13.1% due to decrement in interest expenses of long-term loan.

Statements of Financial Position as at March 31, 2020

	March 31, 2020 (Million Baht)	December 31, 2019 (Million Baht)	Change (%)
Current Assets	1,325.4	1,342.8	(1.3)
Non-Current Assets	2,217.5	1,886.4	17.6
Total Assets	3,542.9	3,229.2	9.7
Current Liabilities	1,131.1	966.2	17.1
Non-Current Liabilities	432.3	390.2	10.8
Total Liabilities	1,563.5	1,356.4	15.3
Total Shareholders' Equity	1,979.4	1,872.8	5.7
Current Ratio (times)	1.17	1.39	
Debt to Equity Ratio (times)	0.79	0.72	

Total Assets

As of March 31, 2020, total assets presented at Baht 3,542.9 million, increased by 9.7%. Current assets were Baht 1,325.4 million, decreased by 1.3% from trade accounts receivable. Non-current assets presented at Baht 2,217.5 million, increase by 17.6% from gain on land revaluation and recognition of Right-of-Use Assets, according to TFRS16 - Leases, amounted Baht 46.9 million.

Total Liabilities

Total liabilities presented at Baht 1,563.5 million, increased by 15.3% from trade payables, net of cash received from short-term loans and repayment of long-term loans, and the recognition of lease liabilities according to TFRS No.16 - Leases.

Total Shareholders' Equity

Total shareholders' equity presented at Baht 1,979.4 million, increased by 5.7% from the recognition of operating loss net with gain from land revaluation.