

May 7, 2019

Subject Management's Discussion and Analysis for the 3-month period ended March 31, 2019

 To Director and Manager
The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No.2/2019 of Dental Corporation Public Company Limited ("the Company") held on May 7, 2019, approving the reviewed consolidated financial statements for the 3-month period ended March 31, 2019. The Company and its subsidiaries ("the Group") would like to report factors that affect the financial performance as follows;

Unit : Thousand Baht

CONSOLIDATED STATEMENTS OF INCOME	For the 3-month period ended March 31,			
	2019	2018	Changed	
	Amount	Amount	Amount	%
Revenue from sales and services	196,696	122,362	74,334	61%
Cost of sales and services	(141,811)	(79,934)	(61,877)	77%
Gross profit	54,885	42,428	12,457	29%
Other income	2,535	3,214	(679)	-21%
Profit before expenses	57,420	45,642	11,778	26%
Distribution costs	(17,402)	(8,104)	(9,298)	115%
Administrative expenses	(32,932)	(23,406)	(9,526)	41%
Finance costs	(2,495)	(315)	(2,180)	692%
Total expenses	(52,829)	(31,825)	(21,004)	66%
Profit before income tax	4,591	13,817	(9,226)	-67%
Income tax expenses	(756)	(2,787)	2,031	-73%
Net Profit for the periods	3,835	11,030	(7,195)	-65%

Remarks

(1) Dental service segment consists of 15 branches and Bangkok International Dental Center (BIDC) under the Group.

The previous branches have been operated in 2017, totally 12 branches and Bangkok International Dental Center (BIDC) under the Group.

New branches have been operated in March 2018 which are 3 branches of Dental Planet (Rangsit branch, Avenue Ratchayothin branch and Bangkok University branch).

(2) The segment of trading sales of dental equipment and supplies has been operated on August 1, 2018 onwards.

Revenue from sales and services

Revenue from sales and services for the 1st quarter increased from the same period of prior year by Baht 74.33 million or 61%. The increment of revenue was generated from sales of dental equipment and supplies segment in amounting to Baht 82.07 million while revenue from dental services segment decreased by Baht 7.74 million from the same period of prior year. This mainly came from decreasing in revenue of Phuket Branches due to the fact that the appreciation of Thai Baht tends to decreasing in revenue from foreigners at Phuket branches. However, revenues and visitors of other branches do not have significant decrease from prior year and some branches' revenues increased such as Dental Signature - EmQuartier and 3 branches of Dental Planet.

Cost of sales and services

Cost of sales and services for the 1st quarter increased from the same period of prior year by Baht 61.88 million or 77% which were in line with increase in revenue. Increase in costs mainly came from the sales of dental equipment and supplies segment in amounting to Baht 64.35 million while costs of services decreased by Baht 2.47 million.

Distribution costs

Distribution costs for the 1st quarter increased from the same period of prior year by Baht 9.29 million or 115% which mainly came from the selling expenses under sales of dental equipment and supplies segment such as salesman and marketing expenses such as SIC etc.

Administrative expenses

Administrative expenses for the 1st quarter increased from the same period of prior year by Baht 9.53 million or 41% which mainly came from sales of dental equipment and supplies segment by Baht 8.43 million and also increased in related expenses for new branches operated in March 2018 such as staff remuneration, office rental and depreciation and amortization rose in the first-two-month of the 1st quarter of this year.

Finance costs

Finance costs for the 1st quarter increased from the same period of prior year by Baht 2.18 million or 692% due to long-term loans from financial institutions.

Net profit

Net profit for the 3-month period ended March 31, 2019 decreased from the same period of prior year by Baht 7.20 million or 65% which resulted from increase in all expenses as mentioned earlier, especially finance costs and fixed cost such as salesman under trading sales of dental equipment and supplies segment.

Summary of Consolidated Statements of Financial Position

Unit : Thousand Baht

	As at	As at	Changed	
	March 31, 2019	December 31, 2018	Amount	%
Total assets	1,022,493	944,205	78,288	8.29%
Total liabilities	613,582	539,127	74,455	13.81%
Shareholders' equity	408,911	405,078	3,833	0.95%

Total Assets

As at March 31, 2019, the total assets were about Baht 1,022.49 million which increased by Baht 78.29 million or 8.29% from the year ended December 31, 2018. The main increase came from property, plant and equipment in amounting to Baht 36.29 million including the construction of BIDH. Moreover, there were increase in assets under the sales of dental equipment and supplies segment such as inventory, trade and other current receivables and software under installation by Baht 16.82 million, Baht 9.69 million and Baht 3.67 million, respectively.

Moreover, cash and cash equivalents increased by Baht 8.99 million due to the cash proceeded from loans from financial institutions by Baht 75.71 million and cash used in operating activities and investing activities by Baht 23.55 million and Baht 43.17 million, respectively.

Total Liabilities

As at March 31, 2019, total liabilities increased by Baht 74.46 million or 13.81% from the year ended December 31, 2018 which mainly came from trust receipts and promissory note by Baht 55.67 million and long-term loans from financial institutions amounting to Baht 20.04 million for construction of BIDH and the operations.

Please be informed accordingly.

Sincerely yours,



(Mr. Prateep Vanichkawgul)

Authorized to sign on behalf of the Company