

(Translations)

At TOG 2562/08

Date: May 8, 2019

Subject: Submission of Financial Statements of the first Quarter ended March 31, 2019 and Management Discussion and Analysis due to change of net profit which increased over than 20% from previous year.

To: Director and Manager of the Stock Exchange of Thailand.

Cc: Secretary General of the Office of Securities and Exchange Commission.

Thai Optical Group Public Company Limited (the “Company”) is pleased to submit the Company’s operating results report of year 2019 as follows:

1. Financial Statements for 3 months ended as of March 31, 2019 the Company and its subsidiaries.
2. Management Discussion and Analysis (MD&A) for the first Quarter ended March 31, 2019.
3. Summarized operating results for the year of the Company and its subsidiaries (F45-3).

Remark: Disclosure both in Thai and English Versions.

For your acknowledgement and please disseminate to investors accordingly.

Yours Sincerely,
Thai Optical Group PCL.

(Mr.Torn Prachartam)
Chief Executive Officer

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Thai Optical Group Public Company Limited

Management Discussion and Analysis (MD&A)

Operating Results for the first Quarter ended March 31, 2019

Thai Optical Group Public Company Limited (the “Company”) hereby submits the Company’s operating results for the first Quarter ended 2019 as follows:

	Consolidated Financial Statements (million Baht)		Separated Financial Statements (million Baht)	
	Year 2019	Year 2018	Year 2019	Year 2018
Total revenues	565.39	459.05	355.09	350.03
Net Profit (Loss)	80.49	17.79	11.50	67.40

The Company and its subsidiaries had earned total revenues 565 million Baht, which was increased by 106 million Baht or 23.2% from the same period prior year. The net profit was 80.5 million Baht, which was increased by 62.7 million Baht or 352%. The increased of net profit as such mainly derived from increased revenue. Sales revenue of Value-added Lenses was increased by 43 million Baht or 9.4% of total revenue. In view of regional segment, sale revenue increased 20% in Europe, 19% in Asia-Pacific and 15% in Australia. In production cost had lower than prior year due to continuous efficiency management. In addition, gain of exchange rate increased 5.4 million Baht.

Operating Results Analysis

1. Revenues and Expenses of the Company and its subsidiaries

1.1 Revenue from sales and services

In Q1/2019, The Company and its subsidiaries had earned total revenues from sales and services of 555 million Baht which increased from Q1/2018 by 98.3 million Baht or 21.5%. The increased as such mainly derived from sales revenue of Value-added Lenses which increased by 43 million Baht or 9.4% of total revenue. The detail of revenue by product groups as shown below:

Revenue by Product Groups	Manufacturer	2019	2018
1. Standard Organic Lenses	The Company and its subsidiaries.	35	35
2. Value-added Lenses*	The Company	26	22
3. Rx/Prescription Lenses	The Subsidiary Company	32	35
4. Mineral Lenses/Other Products and Services	The Company and its subsidiaries.	7	8
Total		100	100

Note: * Value-added Lenses are consisted of Hi-index Lens, Photochromic Lens and High Impact Resistance Lens.

1.2 Cost of Goods Sold

In Q1/2019, The Company and its subsidiaries had ratio of cost of goods sold to revenue from sales and services at 74% lower than Q1/2018 which was 80%, this is due to continuous efficiency management as mentioned above.

1.3 Selling and Administrative Expenses

In Q1/2019, The Company and its subsidiaries had Selling and Administrative Expenses 65 million Baht which decreased from Q1.2018 by 9 million Baht, due to the decreased import expenses by using rights and benefits in the Board of Investment (BOI) project.

1.4 Other Revenues

In Q1/2019, The Company and its subsidiaries had the other revenues 10.5 million Baht; increased from Q1/2018 by 9.2 million Baht, due to the increase in gain of exchange rate increased 5.4 million Baht and freight income from import duty refund of the Board of Investment (BOI) project at the amount of 3.6 million Baht.

1.5 Interest Expense

In Q1/2019, The Company and its subsidiaries had interest expenses 2.8 million Baht, increased 1 million Baht from Q1/2018, derived from new product line investment of a subsidiary.

1.6 Net Profit

In Q1/2019, The Company and its subsidiaries had net profit 80.5 which increased from Q1/2018 by 62.7 million Baht or 352.5% due to increase of sales, decreased of selling and administrative expenses as mentioned above.

2. Financial Status

The Company and its subsidiaries had total Assets of 2,607.8 million Baht which increased by 48 million Baht from 2018, as details described below;

Current assets increased by 69.63 million Baht from the following changes;

- Cash and cash equivalents increased by 100.13 million Baht.
- Trade and other receivables decreased by 1.89 million Baht. The trade and other receivables related to the company decreased by 31.29 and the non-related to company increased by 29.40 million Baht. (More details as shown in note to financial statements no.4).
- Net inventories decreased by 35.48 million Baht. Decrease from finished goods 10.56 million Baht, raw materials 15.73 million Baht and glass mold 8.98 million Baht. (More details as shown in note to financial statements no.7).

Non-current assets decreased by 21.61 million Baht from the following changes;

- Land, Building and net equipment decreased by 22.16 million Baht due to annual depreciation.

The company and its subsidiaries had total Liabilities of 690 million Baht, decreased by 32.6 million Baht from 2018, as details described below;

Current liabilities decreased by 5.74 million Baht from the following changes;

- Short-term loan from bank decreased by 15.00 million, derived from Cash paid to settle loans from banks
- Trade payable and other accounts payable decreased by 0.39 million Baht. Trade account payable decreased by 3.53 million Baht and other accounts payable increased 3.14 million Baht. (More details as shown in note to financial statements no.12).
- Accrued unpaid corporate income tax increased by 6.53 million Baht.
- Provision for short-term employee benefits increased by 4.79 million Baht.

Non-current liabilities decreased by 26.86 million Baht with details as follows;

- Long-term loans from banks - net of current portion decreased by 22.99 million Baht.
- Provision for long-term employee benefits decreased by 3.88 million Baht.

The company and its subsidiaries had Shareholders' equity of 1,918 million Baht which was increased from the amount of 2018 by 80.6 million Baht.

3. Cash Flow

Cash earned (used) as of March 31, 2019 comparing to prior year.

(unit: million Baht)

Items	3 months/ as of 31 march 2019	3 months/ as of 31 march 2018	Amount change	% change
Cash earned (used) in operating activities:	165.08	39.83	125.25	314.46
Cash earned (used) in investment activities:	(28.66)	(48.03)	19.37	40.33
Cash earned (used) in financing activities:	(36.29)	35.75	(72.04)	201.51
Net cash Increased /(Decreased)	100.13	27.55	72.58	263.45

Net cash earned from operating activities as of March 31, 2019 was 165.08 million Baht, increased from previous year by 125.25 million Baht which was increased from decreasing of operating assets and increased of profit from operating.

Net cash used in investment activities as of March 31, 2019 was 28.66 million Baht, decreased from previous year by 19.37 million Baht which was decreased from decreasing of purchase machines and equipment.

Net cash used in financing activities as of March 31, 2019 was 36.29 million Baht, decreased from previous year by 72.04 million Baht which was decreased from decreasing cash received from long-term loans from banks.

4. Financial Ratios Analysis

Financial Ratios			
Profitability Ratio		3 months/ 2019	3 months/ 2019
Gross Profit Margin	%	26.71	20.50
Net Profit Margin	%	14.67	3.95
Efficiency Operating Ratio		31 Mach 2019	31 December 2018
Return on Equity	%	11.03	7.92
Return on Asset	%	8.91	6.36
Average Collection Period	Days	56.02	60.66
Average Inventory Aging	Days	221.13	230.86
Average Accounts Payable	Days	25.82	29.28
Liquidity Ratio		31 Mach 2019	31 December 2018
Debt to Equity ratio	Times	0.36	0.39