

November 11, 2019

 Subject Management's Discussion and Analysis for the 3rd quarter ended September 30, 2019

 To Director and Manager
The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No.5/2019 of Dental Corporation Public Company Limited ("the Company") held on November 11, 2019, approving the reviewed consolidated financial statements for the 3rd quarter ended September 30, 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 September 30,				For the 9-month period ended September 30,			
	2019	2018	Changed		2019	2018	Changed	
	Amount	Amount	Amount	%	Amount	Amount	Amount	%
Revenue from sales and services	193,736	182,758	10,978	6.01%	591,866	432,330	159,536	36.90%
Cost of sales and services	(137,185)	(123,137)	(14,048)	11.41%	(422,575)	(285,000)	(137,575)	48.27%
Gross profit	56,551	59,621	(3,070)	-5.15%	169,291	147,330	21,961	14.91%
Other income	1,474	1,206	268	22.22%	7,708	7,046	662	9.40%
Profit before expenses	58,025	60,827	(2,802)	-4.61%	176,999	154,376	22,623	14.65%
Distribution costs	(20,514)	(13,791)	(6,723)	48.75%	(58,904)	(30,330)	(28,574)	94.21%
Administrative expenses	(34,901)	(31,378)	(3,523)	11.23%	(99,561)	(80,195)	(19,366)	24.15%
Finance costs	(5,486)	(2,375)	(3,111)	130.99%	(10,721)	(3,666)	(7,055)	192.44%
Total expenses	(60,901)	(47,544)	(13,357)	28.09%	(169,186)	(114,191)	(54,995)	48.16%
Profit (loss) before income tax	(2,876)	13,283	(16,159)	-121.65%	7,813	40,185	(32,372)	-80.56%
Income tax expenses	(809)	(3,141)	2,332	-74.24%	(3,363)	(8,774)	5,411	-61.67%
Net Profit (loss) for the periods	(3,685)	10,142	(13,827)	-136.33%	4,450	31,411	(26,961)	-85.83%

Remarks

- Dental service segment consists of 15 branches, Bangkok International Dental Center (BIDC) and Bangkok International Dental Hospital (BIDH) under the Group.
The previous branches have been operated in 2017, totally 12 branches and Bangkok International Dental Center (BIDC).
New branches have been operated in March 2018 which are 3 branches of Dental Planet (Rangsit branch, Avenue Ratchayothin branch and Bangkok University branch). And Bangkok International Dental Hospital (BIDH) has been operated on July 1, 2019 onwards.
- 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 increased approximately by Baht 10.98 million or 6.01% and Baht 159.54 million or 36.90% for the three-month and the nine-month periods ended September 30, 2019. The change in revenues was generated from each segment as follows;

Unit : Million Baht

	Increased (Decreased)		Increased (Decreased)	
	For the 3-month	%	For the 9-month	%
Sales of dental equipment and supplies segment	20.37	11.15%	199.73	46.20%
Dental services segment	(9.39)	(5.14%)	(40.19)	(9.30%)
Total increased revenues	10.98	6.01%	159.54	36.90%

Increase in sales of dental equipment and supplies segment which has been operated on August 1, 2018, Revenue from sales of dental equipment and supplies segment increased approximately by Baht 20.37 million or 11.15% and by Baht 199.73 million or 46.20% for the three-month and the nine-month periods ended September 30, 2019, respectively. However, decrease in revenue from dental services segment due to the appreciation of Thai currency as below table;

Weighted average middle rate from Bank of Thailand

	January – September		
	2019	2018	% Appreciation of Thai currency
THB/USD	31.3068	32.1425	-2.60%
THB/EUR	35.1737	38.3942	-8.39%
THB/AUD	21.8745	24.3541	-10.18%

Because the appreciation of Thai Baht against currencies as above, especially Australia dollar (AUD), resulted in the number of visit volumes in branches which have the number of foreign patients such as Phuket branches, Siam Square branch and BIDC etc. The visit volumes in the first nine-month of the year 2019 decreased approximately by 2,004 times or 10.7% in comparison with the visit volumes in the first nine-month of the year 2018 (The visit volumes of the first nine-month of 2018 was 18,744 times).

In contrast, the number of Thai visit volumes rose by 365 times or 1.0% in comparison with the first nine-month of the year 2018 (The visit volumes of the first nine-month of the year 2018 was 35,961 times).

Therefore, revenue of dental services segment decreased approximately by Baht 9.39 million or 5.14% and by Baht 40.19 million or 9.30% for the three-month and the nine-month periods ended September 30, 2019, respectively.

Cost of sales and services

Cost of sales and services increased approximately by Baht 14.05 million or 11.41% and by Baht 137.57 million or 48.27% for the three-month and the nine-month periods ended September 30, 2019, respectively, which were in line with increase in revenue. Increase in costs of sales and services for the three-month and nine-month periods ended September 30, 2019 mainly came from sales of dental equipment and supplies segment in amounting to Baht 20.64 million and Baht 157.82 million, respectively, while costs of services decreased by Baht 6.60 million and Baht 20.25 million, respectively.

Distribution costs

Distribution costs increased approximately by Baht 6.72 million or 48.75% and by Baht 28.57 million or 94.21% for the three-month and the nine-month periods ended September 30, 2019, respectively, which mainly came from the selling expenses under sales of dental equipment and supplies segment such as salesperson salary and marketing expenses such as SIC implants and TDA exhibition expenses etc.

Administrative expenses

Administrative expenses increased approximately by Baht 3.52 million or 11.23% and by Baht 19.37 million or 24.15% for the three-month and the nine-month periods ended September 30, 2019, respectively, which mainly came from sales of dental equipment and supplies segment which has been operated on August 1, 2018 (the 3rd quarter of 2018) and dental services segment from Bangkok International Dental Hospital (BIDH) which has been operated on July 1, 2019 onwards (the 3rd quarter of 2019).

Finance costs

Finance costs increased approximately by Baht 3.11 million or 130.99% and by Baht 7.06 million or 192.44% for the three-month and the nine-month periods ended September 30, 2019, respectively, due to long-term loans from financial institutions.

Net profit (loss)

For the three-month period ended September 30, 2019, the Company had net loss amounting to Baht 3.69 million because Bangkok International Dental Hospital (BIDH) has been operated on July 1, 2019 which still made loss from the beginning of operation. However, the Company had net profit amounting to Baht 4.45 million for the nine-month period ended September 30, 2019.

Summary of Consolidated Statements of Financial Position

Unit : Thousand Baht

	As at	As at	Changed	
	September 30, 2019	December 31, 2018	Amount	%
Total assets	1,102,810	944,205	158,605	16.80%
Total liabilities	693,285	539,127	154,158	28.59%
Total Shareholders' equity	409,525	405,078	4,447	1.10%

Total Assets

As at September 30, 2019, the total assets were about Baht 1,102.81 million which increased by Baht 158.61 million or 16.80% from December 31, 2018. The main increase came from property, plant and equipment in amounting to Baht 135.48 million including the construction of BIDH. Moreover, there were increase in assets under the sales of dental equipment and supplies segment such as inventory, intangible assets and trade and other current receivables by Baht 11.23 million, Baht 9.00 million and Baht 4.16 million, respectively.

Moreover, cash and cash equivalents decreased by Baht 0.54 million due to cash proceed from operating activities by Baht 24.28 million and cash proceeded from financing activities by Baht 126.82 million. In addition, cash used in investing activities by Baht 151.64 million.

Total Liabilities

As at September 30, 2019, the total liabilities increased by Baht 154.16 million or 28.59% from December 31, 2018. The main increase came from trust receipts and promissory notes by Baht 80.34 million and long-term loans from financial institutions amounting to Baht 45.45 million for construction of BIDH and the operations. In addition, trade account payable and other liabilities increased by Baht 28.37 million.

Please be informed accordingly.

Sincerely yours,



(Mr. Prateep Vanichkawgul)

Authorized to sign on behalf of the Company