

February 25, 2020

Subject Management's Discussion and Analysis for the year ended December 31, 2019

 To Director and Manager  
 The Stock Exchange of Thailand

According to the resolution of the meeting of the Board of Directors No.1/2020 of Dental Corporation Public Company Limited ("the Company") held on February 25, 2020, approving the audited consolidated financial statements for the year ended December 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 year ended December 31,			
	2019	2018	Changed	
	Amount	Amount	Amount	%
Revenue from sales and services	772,806	643,190	129,616	20.15%
Cost of sales and services	(553,503)	(438,654)	(114,849)	26.18%
<b>Gross profit</b>	<b>219,303</b>	<b>204,536</b>	<b>14,767</b>	<b>7.22%</b>
Other income	8,670	9,017	(347)	(3.85%)
Profit before expenses	227,973	213,553	14,420	6.75%
Distribution costs	(80,421)	(50,245)	(30,176)	60.06%
Administrative expenses	(143,431)	(113,148)	(30,283)	26.76%
Finance costs	(16,268)	(8,018)	(8,250)	102.89%
<b>Total expenses</b>	<b>(240,120)</b>	<b>(171,411)</b>	<b>(68,709)</b>	<b>40.08%</b>
Profit (loss) before income tax	(12,148)	42,142	(54,290)	(128.83%)
Income tax expenses	(3,438)	(8,684)	5,246	(60.41%)
<b>Net Profit (loss) for the year</b>	<b>(15,585)</b>	<b>33,458</b>	<b>(49,043)</b>	<b>(146.58%)</b>
Other comprehensive income for the year, net of tax	(445)	-	(445)	100.00%
<b>Total comprehensive income (expense) for the years</b>	<b>(16,030)</b>	<b>33,458</b>	<b>(49,488)</b>	<b>(147.91%)</b>

**Remarks**

- (1) Dental service segment consists of 16 branches, Bangkok International Dental Center (BIDC) and Bangkok International Dental Hospital (BIDH) under the Group.

The previous branches have been operated in 2018, totally 15 branches and Bangkok International Dental Center (BIDC).

New branches have been operated in 2019 which are Chiang Mai Dental Clinic (CIDC) and Bangkok International Dental Hospital (BIDH) has been operated on July 1, 2019 onwards.

(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 increased approximately by Baht 129.62 million or 20.15% for the year ended December 31, 2019. The change in revenues was generated from each segment as follows;

	Unit : Million Baht	
	<b>Increased (Decreased)</b>	
	<b>For the year</b>	<b>%</b>
Sales of dental equipment and supplies segment	171.54	122.24%
Dental services segment	(41.92)	(8.34%)
Total increased revenues	129.62	20.15%

Increase in sales of dental equipment and supplies segment which has been operated on August 1, 2018 which increased approximately by Baht 171.54 million or 122.24% for the year ended December 31, 2019. However, decrease in revenue from dental services segment approximately by Baht 41.92 million or 8.34% due to the appreciation of Thai currency especially Australia dollar (AUD) as below table. Resulted in the number of visit volumes in branches which decreased in the number of foreign patients such as Phuket branches, Siam Square branch and BIDC etc.

### **Weighted average middle rate from Bank of Thailand**

	January – December		
	<b>2019</b>	<b>2018</b>	<b>% Appreciation of Thai currency</b>
THB/USD	31.0476	32.3107	-3.91%
THB/EUR	34.7548	38.1514	-8.90%
THB/AUD	21.5736	24.1483	-10.66%

### **Cost of sales and services**

Cost of sales and services increased approximately by Baht 114.85 million or 26.18% for the year ended December 31, 2019, which were in line with increase in revenue. Increase in costs of sales and services for year ended December 31, 2019 mainly came from sales of dental equipment and supplies segment in amounting to Baht 136.01 million, while costs of services decreased by Baht 21.16 million.

### **Distribution costs**

Distribution costs increased approximately by Baht 30.17 million or 60.06% for the year ended December 31, 2019, 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 30.28 million or 26.76% for the year ended December 31, 2019, which mainly came from sales of dental equipment and supplies segment which has been operated on August 1, 2018 (the 3<sup>rd</sup> quarter of 2018) and dental services segment from Bangkok International Dental Hospital (BIDH) which has been operated on July 1, 2019 onwards (the 3<sup>rd</sup> quarter of 2019) and net loss from closing 3 branches which were unprofitable by Baht 5.97 million. (Dental Planet – Bangkok University branch, Smile signature – Central Pinklao branch and Dental Signature – Central East Ville branch)

### **Finance costs**

Finance costs increased approximately by Baht 8.25 million or 102.89% for the year ended December 31, 2019, due to long-term loans from financial institutions.

### **Net profit (loss)**

For the year ended December 31, 2019, the Company had net loss amounting to Baht 15.58 million because the postponement of the government procurement affected sales of dental equipment and supplies segment. Moreover, Bangkok International Dental Hospital (BIDH) has been operated on July 1, 2019 which still made loss from the beginning of operations and also net loss from closing 3 branches which were unprofitable in amounting to Baht 5.97 million and write-off deferred tax assets (DTA) in amounting to Baht 2.54 million.

### **Summary of Consolidated Statements of Financial Position**

Unit : Thousand Baht

	As at	As at	Changed	
	December 31, 2019	December 31, 2018	Amount	%
Total assets	1,076,295	944,205	132,090	13.99%
Total liabilities	687,252	539,127	148,125	27.47%
Total Shareholders' equity	389,043	405,078	(16,035)	(3.96%)

**Total Assets**

As at December 31, 2019, the total assets were about Baht 1,076.29 million which increased by Baht 132.09 million or 13.99% from December 31, 2018. The main increase came from property, plant and equipment in amounting to Baht 133.87 million including the construction of BIDH. Moreover, there were decrease in other assets by Baht 1.78 million.

**Total Liabilities**

As at December 31, 2019, the total liabilities increased by Baht 148.13 million or 27.47% from December 31, 2018. The main increase came from trust receipts and promissory notes by Baht 66.08 million and long-term loans from financial institutions amounting to Baht 40.99 million for construction of BIDH and the operations. In addition, trade account payable and other liabilities increased by Baht 41.06 million.

Please be informed accordingly.

Sincerely yours,



( Mr. Prateep Vanichkawgul )

Authorized to sign on behalf of the Company