บริษัท ออลล่า จำกัด (มหาชน)
ALLA PUBLIC COMPANY LIMITED

10 August 2018 Alla Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Business Performance Overview

Performance of the Group over the past period, the revenue from sales and services had increased especially from industrial door segment. However, due to the high competitive market and the rising of labor costs, in addition to the commencement of studying and marketing the warehouse system provider business segment in the past year, as a result, the Group's gross profit declined. Still, the Group's gross profit margin remained above 30%, plus the revenues backlog as at the end of this period of Baht 409 million increased about 35% when compared with the end of prior year.

Furthermore, the Group still has a solid financial structure, has continued cash flow from operations, good liquidity ratio and low debt to equity ratio as well.

Consolidated Financial Performance for the second quarter and six-month period of 2018

Operating Income						
(Thousand Baht)	For the three-month periods			For the six-month periods		
	2Q 2018	2Q 2017	%Chg.	6M 2018	6M 2017	%Chg.
Sales and service income	174,527	149,808	17%	278,561	252,317	10%
Other income	1,390	1,623	(14%)	2,729	3,463	(21%)
Total Operating Income	175,917	151,431	16%	281,290	255,780	10%

Revenues structure						
	6M 2018		6M 2017		Change	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Revenue from sales						
Crane and Hoist	134,485	48%	142,856	56%	(8,371)	(6%)
Industrial door, Loading dock, PVC strip curtain and Air curtain	79,073	28%	51,339	20%	27,734	54%
Warehouse system provider	56	0%	-	-	56	100%
Total revenue from sales	213,614	76%	194,195	76%	19,419	10%

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Revenues structure (Continued)						
	6M 2018		6M 2017		Change	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Revenue from services						
Crane and Hoist	54,611	19%	47,724	19%	6,887	14%
Industrial door and Loading dock	10,276	4%	10,141	4%	135	1%
Training center	60	0%	257	0%	(197)	(77%)
Total revenue from services	64,947	23%	58,122	23%	6,825	12%
Other income	2,729	1%	3,463	1%	(734)	(21%)
Total Operating Income	281,290	100%	255,780	100%	25,510	10%

Total operating income for the second quarter and six-month period of 2018 of the Company and its subsidiary were Baht 176 million and Baht 281 million, respectively, increased from the same period of prior year of Baht 24 million or 16% and Baht 26 million or 10%, respectively. The increase were mainly due to revenue from sale of industrial door and loading dock of Agriculture and food business, while revenue from sale of crane and hoist had slightly decreased. In addition, revenue from services had increased from crane and hoist service segment.

As at the end of the second quarter of 2018, the Company and its subsidiary had revenues backlog of Baht 409 million, which increased by Baht 107 million or 35% compared to last December, such backlog will gradually be recognized as revenues from the third quarter of 2018 onward.

Operating Expenses						
(Thousand Baht)	For the three-month periods			For the six-month periods		
	2Q 2018	2Q 2017	%Chg.	6M 2018	6M 2017	%Chg.
Cost of sales and services	120,158	97,859	23%	192,615	166,537	16%
Selling expenses	7,562	5,994	26%	14,394	12,356	16%
Administrative expenses	23,461	23,651	(1%)	47,571	45,521	5%
Total Operating Expenses	151,181	127,504	19%	254,580	224,414	13%

Total operating expenses for the second quarter and six-month period of 2018 of the Company and its subsidiary were Baht 151 million and Baht 255 million, respectively, increased from the same period of prior year of Baht 24 million or 19% and Baht 30 million or 13%, respectively. The mainly causes due to

- An increase of cost of sales and services which was in line with the increase of revenue from sales and services.
- Selling expenses and administrative expenses increased due to an increase of employee expenses, as from annual salary adjustment, and marketing expenses of the warehouse system provider business segment.

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Other Items						
(Thousand Baht)	For the three-month periods			For the six-month periods		
	2Q 2018	2Q 2017	%Chg.	6M 2018	6M 2017	%Chg.
Finance cost	102	168	(39%)	217	463	(53%)
Income tax expenses	4,778	4,968	(4%)	5,489	6,563	(16%)
Total Other Items	4,880	5,136	(5%)	5,706	7,026	(19%)

- Finance cost decreased due to the repayment of financial lease liabilities and short-term loans from financial institutions.
- Income tax expenses decreased in line with the operating profit.

Profitability Analysis						
(Thousand Baht)	For the three-month periods			For the six-month periods		
	2Q 2018	2Q 2017	%Chg.	6M 2018	6M 2017	%Chg.
Gross profit	54,369	51,949	5%	85,946	85,780	0%
Gross profit margin	31%	35%		31%	34%	
Net profit	19,856	18,791	6%	21,004	24,340	(14%)
Net profit margin	11%	12%		7%	10%	
Basic earnings per share (Baht)	0.03	0.03	-	0.04	0.04	-

- Gross profit increased in line with an increase of revenue from sales and services. However, gross profit margin decreased due to the high competitive market and the rising of labor costs.
- Net profit of the second quarter of 2018 increased in line with the increase of revenue from sales and services. However, net profit and net profit margin for the six-month period decreased due to the decrease of gross profit margin and the increase of selling and administrative expenses.

Consolidated Financial Position for the six-month period of 2018

Financial Position			
(Thousand Baht)	June 2018	December 2017	%Chg.
Total Assets	958,530	953,026	1%
Total Liabilities	202,889	176,389	15%
Total Shareholders' Equity	755,641	776,637	(3%)

- Total assets increased of Baht 6 million or 1% mainly due to an increase of inventories and work in process. However, cash decreased from annual dividend payment during the period.

- Total liabilities increased of Baht 27 million or 15% from trade accounts payable which increased in line with the increase of inventories and work in process.
- Total shareholders' equity decreased of Baht 21 million or 3% which increased from net profit for the period of Baht 21 million and decreased from dividend payment of Baht 42 million.

Liquidity and Capital Management

Cash Flows		
(Thousand Baht)	6M 2018	6M 2017
Net cash from operating activities	13,238	62,827
Net cash used in investing activities	(120,091)	(1,582)
Net cash used in financing activities	(44,688)	(52,106)
Net increase (decrease) in cash and cash equivalents	(151,541)	9,139
Beginning cash and cash equivalents	270,472	178,130
Ending cash and cash equivalents	118,931	187,269

For the six-month period of 2018, the Company and its subsidiary had net decrease in cash and cash equivalent of Baht 151 million from the beginning balance of Baht 270 million. As a result, cash and cash equivalents at the end of the period was Baht 119 million. Details of cash flows by activities during the period were as follows:-

- Net cash from operating activities were Baht 13 million resulting mainly from profit of the period.
- Net cash used in investing activities were Baht 120 million as from an investment in fixed deposit of Baht 100 million and investment in fixed assets of Baht 22 million.
- Net cash used in financing activities were Baht 45 million due mainly to dividend payment during the period.

Ratios Analysis		
	6M 2018	6M 2017
Return on Asset (%)	7.33%	9.11%
Return on Equity (%)	7.25%	10.19%
Current ratio (x)	4.41	5.22
Total debt to equity (x)	0.27	0.24

Return on asset and return on equity decreased by 1.78% and 2.94%, respectively, due to the decrease of net profit of the Group compared to the same period pf prior year. In addition, current ratio was 4.41x decreased when compared to the same period pf prior year, and total debt to equity ratio was 0.27x increased as from the increase of trade accounts payable.