บริษัท ออลล่า จำกัด (มหาชน)
ALLA PUBLIC COMPANY LIMITED

9 November 2017 Alla Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Business Performance Overview

Performance of the Group over the past nine months was getting better, especially sales and service income that significantly increased in the third quarter as mainly due to the increase of revenues from sale of cranes and electric hoists, and industrial doors of power plant and department store business sectors. Also, the Group's gross margin still remained above 30%, plus the revenues backlog at the end of the third quarter significantly increased when compared with the end of last 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 third quarter and nine-month period of 2017

Operating Income						
(Thousand Baht)	For the three-month periods			For the nine-month periods		
	3Q 2017	3Q 2016	%Chg.	9M 2017	9M 2016	%Chg.
Sales and service income	183,342	133,514	37%	435,659	425,540	2%
Other income	1,554	663	134%	5,017	5,126	(2%)
Total Operating Income	184,896	134,177	38%	440,676	430,666	2%

Revenues structure						
	9M 2017		9M 2016		Change	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Revenue from sales						
Crane and Hoist	260,403	59%	257,314	60%	3,089	1%
Industrial door and Loading dock	76,398	17%	72,849	17%	3,549	5%
PVC strip curtain and Air curtain	7,275	2%	7,099	1%	176	2%
Total revenue from sales	**344,076**	**78%**	**337,262**	**78%**	**6,814**	**2%**
Revenue from services						
Crane and Hoist	75,430	17%	79,900	19%	(4,470)	(6%)
Industrial door and Loading dock	15,840	4%	8,179	2%	7,661	94%
Training center	313	0%	199	0%	114	57%
Total revenue from services	**91,583**	**21%**	**88,278**	**21%**	**3,305**	**4%**
Other income	**5,017**	**1%**	**5,126**	**1%**	**(109)**	**(2%)**
Total Operating Income	440,676	100%	430,666	100%	10,010	2%

บริษัท ออลล่า จำกัด (มหาชน)
ALLA PUBLIC COMPANY LIMITED

Total operating income for the third quarter and nine-month period of 2017 of the Company and its subsidiary were Baht 185 million and Baht 441 million, respectively, increased from the same period of prior year of Baht 51 million or 38% and Baht 10 million or 2%, respectively. The significant increase of revenues in the third quarter was mainly due to the increase of revenues from sale of cranes and hoists, and industrial doors, of power plant and department store business sectors. Meanwhile, revenue from services increased due to industrial doors service contracts which the Company has expanded the customer base to retailers.

In addition, the Company and its subsidiary had revenues backlog of Baht 353 million as at the end of September 2017, which increased by Baht 129 million or 37% compared to last December, such backlog will gradually be recognized as revenue from the fourth quarter of 2017 onward.

Operating Expenses						
(Thousand Baht)	For the three-month periods			For the nine-month periods		
	3Q 2017	3Q 2016	%Chg.	9M 2017	9M 2016	%Chg.
Cost of sales and services	137,162	93,664	46%	303,474	295,154	3%
Selling expenses	7,231	6,107	18%	19,531	18,314	7%
Administrative expenses	23,024	20,057	15%	68,198	63,739	7%
Total Operating Expenses	167,417	119,828	40%	391,203	377,207	4%

Total operating expenses for the third quarter and nine-month period of 2017 of the Company and its subsidiary were Baht 167 million and Baht 391 million, respectively, increased from the same period of prior year of Baht 47 million or 40% and Baht 14 million or 4%, respectively. The mainly causes due to

- An increase of cost of sales and services which was in line with an increase of revenue from sales and services.
- Selling expenses slightly increased in line with an increase of revenue from sales and services.
- Administrative expenses increased due to employee expenses as from annual salary adjustment.

Other Items						
(Thousand Baht)	For the three-month periods			For the nine-month periods		
	3Q 2017	3Q 2016	%Chg.	9M 2017	9M 2016	%Chg.
Finance cost	472	1,238	(62%)	1,563	3,536	(56%)
Income tax expenses	3,604	1,954	84%	10,167	9,877	3%
Total Other Items	4,076	3,192	28%	11,730	13,413	(13%)

- Finance cost decreased since the Company repaid entire long-term loans from financial institutions in the fourth quarter of 2016.
- Income tax expenses increased in line with the operating profit.

Profitability Analysis						
(Thousand Baht)	For the three-month periods			For the nine-month periods		
	3Q 2017	3Q 2016	%Chg.	9M 2017	9M 2016	%Chg.
Gross profit	46,180	39,850	16%	132,185	130,386	1%
Gross profit margin	25%	30%		30%	31%	
Net profit	13,403	11,157	20%	37,743	40,046	(6%)
Net profit margin	7%	8%		9%	9%	
Basic earnings per share (Baht)	0.02	0.02	-	0.06	0.09	(33%)

- Gross profit increased in line with an increase of revenue from sales and services. Gross profit margin slightly decreased due to high competitive market. However, the Group continued to strive for cost effective management.
- Net profit for the third quarter of 2017 increased in line with an increase of revenue from sales and services. However, net profit for the nine-month period decreased due to higher administrative expenses. Net profit margin was no significant changed.
- Basic earnings per share for the nine-month period of 2017 decreased as from the increase of ordinary shares resulting from the capital increase by public offering in the fourth quarter of 2016.

Consolidated Financial Position for the nine-month period of 2017

Financial Position			
(Thousand Baht)	September 2017	December 2016	%Chg.
Total Assets	935,155	900,041	4%
Total Liabilities	181,068	171,697	5%
Total Shareholders' Equity	754,087	728,344	4%

- Total assets increased of Baht 35 million or 4%, due to an increase of cash from operating activities and investment in assets under construction of its subsidiary's warehouse.
- Total liabilities increased of Baht 9 million or 5%, mainly due to an increase of trade accounts payable and deposits received in advance. In addition, short-term loans from financial institutions decreased from repayment during the period.
- Total shareholders' equity increased of Baht 26 million or 4% which increased from net profit during the period of Baht 38 million and decreased from dividend payment of Baht 12 million.

บริษัท ออลล่า จำกัด (มหาชน)
ALLA PUBLIC COMPANY LIMITED

Liquidity and Capital Management

Cash Flows		
(Thousand Baht)	9M 2017	9M 2016
Net cash from operating activities	97,910	41,809
Net cash used in investing activities	(15,087)	(29,120)
Net cash used in financing activities	(56,653)	(69,935)
Net increase (decrease) in cash and cash equivalents	26,170	(57,246)
Beginning cash and cash equivalents	178,130	101,521
Ending cash and cash equivalents	204,300	44,275

For the nine-month period of 2017, the Company and its subsidiary had net increase in cash and cash equivalent of Baht 26 million from the beginning balance of Baht 178 million. As a result, cash and cash equivalents at the end of the period was Baht 204 million. Details of cash flows by activities during the period were as follows:-

- Net cash from operating activities were Baht 98 million, resulting mainly from profit during nine months of 2017, debts collection and deposit received from customers.
- Net cash used in investing activities were Baht 15 million due mainly to investment in fixed assets.
- Net cash used in financing activities were Baht 57 million, due mainly to loans repayment of Baht 40 million and paid dividend of Baht 12 million.

Ratios Analysis		
	9M 2017	9M 2016
Return on Asset (%)	9.65%	11.36%
Return on Equity (%)	10.91%	18.29%
Current ratio (x)	5.26	1.46
Total debt to equity (x)	0.24	1.06

- Return on asset decreased by 1.71% and return on equity decreased by 7.38% due to an increase of total assets and shareholders' equity as from the capital increase by public offering in the fourth quarter of 2016.
- Current ratio increased by 3.80x and total debt to equity decreased by 0.82x due to an increase of assets as from cash received from the capital increase by public offering. Liabilities also decreased from loans repayment.