22 February 2017 Alla Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated Financial Performance for the year 2016

Operating Income			
(Thousand Baht)	2016	2015	%Chg.
Revenue from sales and relevant services	599,710	870,273	(31%)
Gain (loss) on exchange rate	2,449	(7,115)	134%
Other income	5,306	3,080	72%
Total Operating Income	607,465	866,238	(30%)

Revenues structure						
	2016		2015		Change	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Revenue from sales						
Crane and Hoist	367,650	60%	532,908	61%	(165,258)	(31%)
Industrial door and Loading dock	100,820	17%	196,897	23%	(96,077)	(49%)
PVC strip curtain and Air curtain	10,245	2%	14,011	2%	(3,766)	(27%)
Total revenue from sales	**478,715**	**79%**	**743,816**	**86%**	**(265,101)**	**(36%)**
Revenue from services						
Crane and Hoist	106,468	18%	114,384	13%	(7,916)	(7%)
Industrial door and Loading dock	14,160	2%	11,935	1%	2,225	19%
Training center	367	0%	138	0%	229	166%
Total revenue from services	**120,995**	**20%**	**126,457**	**14%**	**(5,462)**	**(4%)**
Other income	**7,755**	**1%**	**(4,035)**	**0%**	**11,790**	**292%**
Total revenue from sales and services	607,465	100%	866,238	100%	(258,773)	(30%)

Total operating income for the year 2016 of the Company and its subsidiary were Baht 607 million, decreased from prior year of Baht 259 million or 30%. The mainly causes due to a decrease of revenue from sales - crane and hoist of Baht 165 million or 31%, and a decrease of revenue from sales - industrial door and loading dock of Baht 96 million or 49%, while revenue from services were slightly decreased.

As the economic slowdown that has continued since 2015, which was evident from BOI applications that continuously declined since 2014, as a result, the Company's customers have delayed and postponed their investments, especially the automotive segment. The revenue proportion of this segment, both sales and services, was 25% in 2015, and dropped to 11% in 2016. However, in 2016 the Company and its subsidiary also expanded their customer base to other business segments i.e. steel and aluminum, power plants and building materials etc.

In addition, the Company and its subsidiary had gain on foreign currency exchange increased of Baht 10 million, as a result of the Company's management policy, to closely monitor and manage the foreign currency exchange risk.

Operating Expenses			
(Thousand Baht)	2016	2015	%Chg.
Cost of sales and relevant services	413,789	619,854	(33%)
Selling expenses	25,010	27,311	(8%)
Administrative expenses	91,164	89,617	2%
Total Operating Expenses	529,963	736,782	(28%)

Total operating expenses for the year 2016 of the Company and its subsidiary were Baht 530 million, decreased from prior year of Baht 207 million or 28%. The mainly causes due to

- A decrease of cost of sales and relevant services which was in line with a decrease of revenue from sales and relevant services.
- Selling expenses decreased from sales commission, which were in line with a decrease of revenue from sales and relevant services.
- There was no significant changed in administrative expenses, compared to prior year. However, in 2016 the Company had additional expenses related to the distribution of shares due to the capital increase in the Stock Exchange of Thailand i.e. public relations expenses, roadshow expenses, as for public offering etc.

Other Items			
(Thousand Baht)	2016	2015	%Chg.
Finance costs	4,667	3,179	47%
Income tax	13,824	25,657	(46%)
Total Other Items	18,491	28,836	(36%)

- Income tax decreased in line with an operating profit, as the economic slowdown.

Profitability Analysis			
(Thousand Baht)	2016	2015	%Chg.
Gross profit	185,921	250,419	(26%)
Gross profit margin	31%	29%	
Net profit	59,011	100,620	(41%)
Net profit margin	10%	12%	
Basic earnings per share	0.12	0.22	(45%)

- A decrease of gross profit was in line with a decrease of revenue from sales and relevant services. However, gross profit margin increased because the Company delivered high value of cranes and electric hoists, which were required experience and expertise in design, manufacture and installation procedure therefore it could be priced higher compared to other jobs.
- Net profit and net profit margin decreased due to a decrease of revenue from sales and relevant services, as a result of the economic slowdown.

Consolidated Financial Position for the year 2016

Financial Position			
(Thousand Baht)	2016	2015	%Chg.
Total Assets	900,041	645,367	39%
Total Liabilities	171,697	300,520	(43%)
Total Shareholders' Equity	728,344	344,847	111%

- Total assets increased of Baht 255 million or 39%, due mainly to cash and cash equivalents and short-term investments as from the capital increase by initial public offering (IPO) in the Stock Exchange of Thailand in November 2016. The Company also managed some portion of cash received from the capital increase, to get higher return.
- Total liabilities decreased of Baht 129 million or 43%, due to a decrease of deposits received in advance and loans repayment.
- Total shareholders' equity increased of Baht 383 million or 111%, due to the capital increase by initial public offering (IPO) in the Stock Exchange of Thailand.

บริษัท อลล่า จำกัด (มหาชน)
ALLA PUBLIC COMPANY LIMITED

Liquidity and Capital Management

Cash Flows		
(Thousand Baht)	2016	2015
Net cash from operating activities	55,516	116,155
Net cash used in investing activities	(238,645)	(18,591)
Net cash from (used in) financing activities	259,737	(173,752)
Net increase (decrease) in cash and cash equivalents	76,608	(76,188)
Beginning cash and cash equivalents	101,521	177,709
Ending cash and cash equivalents	178,129	101,521

For the year 2016, the Company and its subsidiary had net increase in cash and cash equivalent of Baht 77 million from the beginning balance of Baht 101 million. As a result, cash and cash equivalents at the end of the year was Baht 178 million. Details of cash flows by activities during the year were as follows:-

- Net cash from operating activities were Baht 56 million, resulting mainly from profit of 2016.
- Net cash used in investing activities were Baht 239 million, due mainly to an increase of short-term investments and restricted deposit with financial institution.
- Net cash from financing activities were Baht 260 million, due mainly to cash received from the capital increase by initial public offering (IPO) in the Stock Exchange of Thailand, after deduction of expenses incurred from this offering, of Bath 423 million, dividend payment of Baht 99 million and long-term loans repayment of Baht 54 million.

Ratios Analysis		
	2016	2015
Return on Asset (%)	10.03%	17.52%
Return on Equity (%)	11.00%	28.35%
Current ratio (x)	5.44	1.93
Total debt to equity (x)	0.24	0.87

- Return on asset decreased by 7.49% and return on equity decreased by 17.35% due to a decrease of net profit, as a result of the economic slowdown, and an increase of assets and shareholders' equity from the capital increase by public offering.
- Current ratio increased by 3.51x and total debt to equity decreased by 0.63x due to an increase of assets as from cash received from the capital increase by public offering. Liabilities also decreased mainly from deposits received in advance and loans repayment.