บริษัท อลล่า จำกัด (มหาชน)
ALLA PUBLIC COMPANY LIMITED

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MANAGEMENT DISCUSSION AND ANALYSIS

Business Performance Overview

The overall operating performance of the Group for the year 2019 has improved markedly, compared to the same period of the prior year, in which the Group had significantly increased of total operating income, especially revenue from sales of crane and electric hoist. The Company also had revenue from new segment which is warehouse management system and equipment, as well as the revenue from the services of the group still increasing continuously.

Although the gross profit margin of the Group decreased due to the increase of price competition and also affected by the Labor Protection Act in the second quarter of 2019, as a result, the Group had additional long-term employee benefit expenses of Baht 6.85 million. However, due to the significant increase in operating income and the continuously improve of cost management in all aspects for maximum efficiency, resulting in the Group's net profit this year to increase significantly.

The Group had revenue backlog at the end of 2019 amounting to Baht 283 million which decreased by 38% compared to the end of the previous year, due to the projects have been delivered during the year 2019. However, the Group still receives sale orders from customers continuously.

The Group has 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 year of 2019

Operating Income			
(Thousand Baht)	2019	2018	%Chg.
Revenues from contracts with customers	855,634	668,753	28%
Other income	9,742	8,686	12%
Total Operating Income	865,376	677,439	28%

Revenues structure						
	2019		2018		Change	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Revenue from sales						
Crane and Electric Hoist	511,691	59%	367,663	54%	144,028	39%
Loading Dock and Equipment	142,533	16%	160,493	24%	(17,960)	(11%)
Warehouse management system and Equipment	43,107	5%	56	0%	43,051	76,877%
Total revenue from sales	697,331	81%	528,212	78%	169,119	32%
Revenue from services						
Crane and Electric Hoist	131,337	15%	117,751	18%	13,586	12%
Loading Dock and Equipment	26,803	3%	22,436	3%	4,367	19%
Training center	163	0%	354	0%	(191)	(54%)
Total revenue from services	158,303	18%	140,541	21%	17,762	13%
Other income	9,742	1%	8,686	1%	1,056	12%
Total Operating Income	865,376	100%	677,439	100%	187,937	28%

Total operating income for the year of 2019 of the Company and its subsidiary were Baht 865 million increased from prior year of Baht 188 million or 28% which can be analyzed by each type of business as follows.

- Crane and Electric Hoist: The portion of revenue was 59% of total revenues. The revenue from sales increased from prior year by Baht 144 million or 39% as from revenue recognition of major projects during the year. The main customers were Power plant, Real estate, Automotive, Petrochemical and Sky train business sector.
- Loading Dock and Equipment: The portion of revenue was 17% of total revenues. The revenue from sales decreased by Baht 18 million or 11% compared to prior year, since there was no revenue recognition of major project in this year. The main customers were Warehouse, Agriculture and Foods and Hypermarket business sector.
- Warehouse management system and Equipment: The new segment of the group with the portion of revenue of 5% of total revenues. The main customer in this year was Warehouse business sector.
- Services: The portion of revenue was 18% of total revenues which increased from crane and hoist service segment of Baht 14 million or 12%, the main customers were Automotive and Steel and Aluminum business sector, and increased from loading dock and equipment service segment of Baht 4 million or 19%, the main customers were Hypermarket, Agriculture and Foods and Automotive business sector.

As at December 2019, the Company and its subsidiary had revenues backlog of Baht 283 million, which decreased by Baht 176 million or 38% compared to prior year, such backlog will gradually be recognized as revenues from 2020 onward. The Company has also received sale orders from customers continuously.

Operating Expenses			
(Thousand Baht)	2019	2018	%Chg.
Cost of sales and services	611,981	456,392	34%
Selling expenses	37,223	32,816	13%
Administrative expenses	88,746	95,468	(7%)
Total Operating Expenses	737,950	584,676	26%

Total operating expenses for the year of 2019 of the Company and its subsidiary were Baht 738 million increased from prior year of Baht 153 million or 26%. The mainly causes due to

- Cost of sales and services increased in line with the increase of revenues from contracts with customers.
- Selling expenses increased as from the impact of long-term employee benefits expenses under the Labor Protection Act. In addition with the transferring of some employees from supporting departments to sale departments, in order to increase sales volume. The commission also increased in line with the increase of revenue.
- Administrative expenses decreased, although the group had impact from the Labor Protection Act causing the increase of long-term employee benefit expenses. However, the Group has managed expenses by organizing the employee structure for maximum work efficiency, as a result, the decrease of other administrative expenses, related to employees.

Other Items			
(Thousand Baht)	2019	2018	%Chg.
Finance cost	218	383	(43%)
Income tax expenses	25,617	18,579	38%
Total Other Items	25,835	18,962	36%

- Finance cost decreased by 43% due to the repayment of financial lease liabilities and short-term loans from financial institutions.
- Income tax expenses increased by 38% in line with the operating profit.

Profitability Analysis			
(Thousand Baht)	2019	2018	%Chg.
Gross profit	243,653	212,361	15%
Gross profit margin	28%	32%	
Net profit	101,591	73,801	38%
Net profit margin	12%	11%	
Total comprehensive income	103,565	75,924	36%
Basic earnings per share (Baht)	0.17	0.12	42%

- Gross profit for the year 2019 increased from prior year of Baht 31 million or 15% which increased in line with the revenue from contract with customers. However, gross profit margin for the year 2019 was 28% decreased from prior year by 4% due to the increase of price competition and the impact of long-term employee benefit expenses under the Labor Protection Act.
- Net profit for the year 2019 increased from prior year of Baht 28 million or 38% and net profit margin for the year 2019 was 12% which increased from prior year by 1% in line with the increase of gross profit. In addition with the decrease of administrative expenses due to continuously cost management in all aspects for maximum efficiency.
- Total comprehensive income increased of Baht 28 million or 36% in line with the increase of net profit and actuarial gain.
- Basic earnings per share increased of Baht 0.05 or 42% in line with the increase of net profit.

Consolidated Financial Position for year of 2019

Financial Position			
(Thousand Baht)	2019	2018	%Chg.
Total Assets	1,120,767	1,048,319	7%
Total Liabilities	255,656	237,758	8%
Total Shareholders' Equity	865,111	810,561	7%

- Total assets increased of Baht 72 million or 7%. Cash and cash equivalent increased as from the Group's operations. Trade accounts receivable increased in line with the increase of revenue. Inventories also increased due to work in process in preparation for delivery of work, including the increase of raw materials to support orders from customers.
- Total liabilities increased of Baht 18 million or 8% mainly due to income tax payable and accrued expenses for employee bonus, in accordance with the improved operating results of the Group, including provision for long-term employee benefits. This was a result of the effect from Labor Protection Act. However, deposit received in advance decreased because the projects had been delivered during the year.
- Total shareholders' equity increased of Baht 55 million or 7% which increased from total comprehensive income of Baht 103 million and decreased from dividend payment of Baht 48 million.

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Liquidity and Capital Management

Cash Flows		
(Thousand Baht)	2019	2018
Net cash from operating activities	104,582	24,481
Net cash used in investing activities	(1,508)	(130,228)
Net cash used in financing activities	(51,154)	(46,509)
Net increase (decrease) in cash and cash equivalents	51,920	(152,256)
Beginning cash and cash equivalents	118,216	270,472
Ending cash and cash equivalents	170,136	118,216

For the year of 2019, the Company and its subsidiary had net increase in cash and cash equivalent of Baht 52 million from the beginning balance of Baht 118 million. As a result, cash and cash equivalents at the end of the year was Baht 170 million. Details of cash flows by activities during the year were as follows:-

- Net cash from operating activities were Baht 105 million.
- Net cash used in investing activities were Baht 2 million by receiving cash from short-term investments of Baht 70 million and investing in long-term fixed deposits of Baht 50 million and paying for investments in fixed assets of Baht 27 million.
- Net cash used in financing activities were Baht 51 million mainly due to dividend payment and cash paid for liabilities under financial lease during the year.

Ratios Analysis		
	2019	2018
Return on Asset (%)	11.75%	9.27%
Return on Equity (%)	12.13%	9.30%
Current ratio (x)	3.87	4.03
Total debt to equity (x)	0.30	0.29

Return on asset and return on equity increased by 2.48% and 2.83%, respectively, due to the increase of profit, compared to the same period of prior year.

Current ratio decreased by 0.16x as the increase proportion of current liabilities is higher than the increase proportion of current assets. The current liabilities increased from accrued income tax and accrued expenses for employee bonus in accordance with the improved operating results of the Group. In addition, the Company has changed the investment model of fixed deposits from current investments to long-term investments of Baht 50 million.

Total debt to equity ratio had no significant changed.