บริษัท ออลล่า จำกัด (มหาชน)
ALLA PUBLIC COMPANY LIMITED

22 February 2018 Alla Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Business Performance Overview

Performance of the Group Company over the past year was getting better, especially revenue from sales and services which mainly increased from industrial doors and loading docks, both sale and service, of Logistic, Hypermarket and Agriculture and foods business sectors. Also, the Group's gross margin still remained above 30%, plus the revenues backlog as at the end of this year of Baht 301 million had increased about 34% 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 year 2017

Operating Income			
(Thousand Baht)	2017	2016	%Chg.
Revenue from sales and services	613,835	599,710	2%
Other income	7,125	7,755	(8%)
Total Operating Income	620,960	607,465	2%

Revenues structure						
	2017		2016		Change	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Revenue from sales						
Crane and Hoist	364,547	59%	367,650	60%	(3,103)	(1%)
Industrial door and Loading dock	109,186	18%	100,820	17%	8,366	8%
PVC strip curtain and Air curtain	9,315	1%	10,245	2%	(930)	(9%)
Total revenue from sales	**483,048**	**78%**	**478,715**	**79%**	**4,333**	**1%**
Revenue from services						
Crane and Hoist	103,891	17%	106,468	18%	(2,577)	(2%)
Industrial door and Loading dock	26,509	4%	14,160	2%	12,349	87%
Training center	387	0%	367	0%	20	5%
Total revenue from services	**130,787**	**21%**	**120,995**	**20%**	**9,792**	**8%**
Other income	**7,125**	**1%**	**7,755**	**1%**	**(630)**	**(8%)**
Total Operating Income	620,960	100%	607,465	100%	13,495	2%

Total operating income for the year 2017 were Baht 621 million, increased from prior year of Baht 14 million or 2% which can be analyzed by each type of business as follows.

- Crane and Hoist: The portion of sales was 59% of total revenues. The sales in 2017 slightly decreased by 1% compared to prior year. Even in the third and fourth quarter, the Group's customers, which were automotive, steel and aluminum, had ordered crane and electric hoists increased, however, in overall of this year, the Group was still affected by the slowdown of investment in early 2017.

- Industrial door and Loading dock: The portion of sales was 18% of total revenues. The sales increased by 8% compared to prior year, mainly due to the expansion of core customers, especially Logistic, Hypermarket and Agriculture and foods.

- Service revenues: The portion of service revenues was 21% of total revenues which increased by 8% compared to prior year, mainly due to an increase of door service contracts in the Hypermarket segment.

In addition, the Company received an interim dividend of Baht 10 million from its subsidiary, which this transaction had been eliminated in the consolidated financial statements.

As at the end of this year, the Company and its subsidiary had revenues backlog of Baht 301 million, which increased by Baht 77 million or 34% compared to last December, such backlog will gradually be recognized as revenues from the first quarter of 2018 onward.

Operating Expenses			
(Thousand Baht)	2017	2016	%Chg.
Cost of sales and services	430,199	414,183	4%
Selling expenses	27,025	25,119	8%
Administrative expenses	90,175	91,789	(2%)
Total Operating Expenses	547,399	531,091	3%

Total operating expenses for the year 2017 of the Company and its subsidiary were Baht 547 million, increased from prior year of Baht 16 million or 3%. 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, and also increased from provision for other long-term employee benefits.
- Selling expenses slightly increased in line with the increase of revenue from sales and services
- Administrative expenses slightly decreased since in 2016 the Company had additional expenses related to the distribution of shares due to the capital increase in the Stock Exchange of Thailand.

Other Items			
(Thousand Baht)	2017	2016	%Chg.
Finance costs	751	3,539	(79%)
Income tax expenses	15,262	13,824	10%
Total Other Items	16,013	17,363	(8%)

- 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)	2017	2016	%Chg.
Gross profit	183,636	185,527	(1%)
Gross profit margin	30%	31%	
Operating profit before adjustment of extraordinary item	59,732	59,011	1%
Actuarial loss on other long-term employee benefits	(2,184)	-	(100%)
Net profit	57,548	59,011	(2%)
Net profit margin	9%	10%	
Total comprehensive income	60,293	59,011	2%
Basic earnings per share	0.10	0.12	(17%)

- Gross profit and gross profit margin slightly decreased which were due to high competitive market. However, the Group continued to strive for costing effective management.
- Operating profit before adjustment of extraordinary item increased due to the increase of operating income and the decrease of administrative expenses. However, due to the actuarial loss on other long-term employee benefits, as a result, net profit and net profit margin slightly decreased from previous year.
- Total comprehensive income increased from actuarial gain arising from post-employee benefit plans.
- Basic earnings per share for 2017 decreased as from the increase of ordinary shares resulting from the capital increase by public offering in the fourth quarter of 2016.

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Consolidated Financial Position for the year 2017

Financial Position			
(Thousand Baht)	2017	2016	%Chg.
Total Assets	953,026	900,041	6%
Total Liabilities	176,389	171,697	3%
Total Shareholders' Equity	776,637	728,344	7%

- Total assets increased of Baht 53 million or 6%, due to an increase of trade accounts receivable and investment in assets under construction of its subsidiary's warehouse.
- Total liabilities increased of Baht 5 million or 3%, mainly due to an increase of trade accounts payable and deposits received in advance. However, short-term loans from financial institutions decreased from repayment during the year.
- Total shareholders' equity increased of Baht 48 million or 7% which increased from total comprehensive income for the year of Baht 60 million and decreased from dividend payment of Baht 12 million.

Liquidity and Capital Management

Cash Flows		
(Thousand Baht)	2017	2016
Net cash from operating activities	93,455	55,516
Net cash from (used in) investing activities	56,995	(238,645)
Net cash from (used in) financing activities	(58,107)	259,737
Net increase in cash and cash equivalents	92,343	76,608
Beginning cash and cash equivalents	178,129	101,521
Ending cash and cash equivalents	270,472	178,129

For the year 2017, the Company and its subsidiary had net increase in cash and cash equivalent of Baht 92 million from the beginning balance of Baht 178 million. As a result, cash and cash equivalents at the end of the year was Baht 270 million. Details of cash flows by activities during the year were as follows:-

- Net cash from operating activities were Baht 93 million, resulting mainly from profit of 2017.
- Net cash from investing activities were Baht 57 million, due mainly from short-term investment of Baht 100 million. However, cash also decreased for fixed assets investment of Baht 48 million.
- Net cash used in financing activities were Baht 58 million, due mainly to loans repayment of Baht 40 million and paid dividend of Baht 12 million.

Ratios Analysis		
	2017	2016
Return on Asset (%)	7.94%	9.88%
Return on Equity (%)	7.65%	11.00%
Current ratio (x)	5.36	5.44
Total debt to equity (x)	0.23	0.24

- Return on asset decreased by 1.94% and return on equity decreased by 3.35% due to the increase of assets as from trade accounts receivable and assets under construction. The average shareholders' equity increased due to the public offering in the fourth quarter of 2016.
- There was no significant changed of current ratio total debt to equity ratio.