บริษัท ออลล่า จำกัด (มหาชน)
ALLA PUBLIC COMPANY LIMITED

20 February 2019 | Alla Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Business Performance Overview

The operating performance of the Group for the year 2018 have improved markedly, especially the increase of revenue from sales of industrial door and loading dock, also with the increase of revenue from services of crane and hoist. In addition to, the increase of gross profit margin due to special projects that were delivered to customers during the year. The Group has also improved costing management, as a result, the increase in net profit of the Group. Furthermore, the revenues backlog of the Group as at the end of this year was Baht 459 million increased about 52% compared to the end of prior year.

The Group still 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 2018

Operating Income			
(Thousand Baht)	2018	2017	%Chg.
Sales and service income	668,753	613,835	9%
Other income	8,686	7,125	22%
Total Operating Income	677,439	620,960	9%

Revenues structure						
	2018		2017		Change	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Revenue from sales						
Crane and Hoist	367,663	54%	364,547	59%	3,116	1%
Industrial door, Loading dock, PVC strip curtain and Air curtain	160,493	24%	118,501	19%	41,992	35%
Warehouse system provider	56	0%	-	-	56	100%
Total revenue from sales	**528,212**	**78%**	**483,048**	**78%**	**45,164**	**9%**
Revenue from services						
Crane and Hoist	117,751	18%	103,891	17%	13,860	13%
Industrial door and Loading dock	22,436	3%	26,509	4%	(4,073)	(15%)
Training center	354	0%	387	0%	(33)	(9%)
Total revenue from services	**140,541**	**21%**	**130,787**	**21%**	**9,754**	**7%**
Other income	**8,686**	**1%**	**7,125**	**1%**	**1,561**	**22%**
Total Operating Income	677,439	100%	620,960	100%	56,479	9%

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Total operating income for the year of 2018 of the Company and its subsidiary were Baht 677 million increased from prior year of Baht 56 million or 9% which can be analyzed by each type of business as follows.

- Crane and Hoist: The portion of revenue was 54% of total revenues. The sales in 2018 slightly increased by 1% compared to prior year. However, the Company has received sale orders of cranes and electric hoists from customers continuously. The main customers were Steel and Aluminum, Automotive, Power plant and Sky train.

- Industrial door and Loading dock: The portion of revenue was 24% of total revenues. The sales increased by 35% compared to prior year, mainly due to the expansion of core customers, especially Hypermarket, Agriculture and Foods, and Construction contractor.

- Service revenues: The portion of revenue was 21% of total revenues which increased by 7% compared to prior year. The increase was from crane and hoist service segment of Motor vehicles and Steel and Aluminum business sectors.

As at December 2018, the Company and its subsidiary had revenues backlog of Baht 459 million, which increased by Baht 157 million or 52% compared to prior year, such backlog will gradually be recognized as revenues from 2019 onward. The continued increase in revenues backlog was due to the expansion of public and private investments in order to support the overall economy growth.

Operating Expenses			
(Thousand Baht)	2018	2017	%Chg.
Cost of sales and services	456,392	430,199	6%
Selling expenses	32,816	27,025	21%
Administrative expenses	95,468	90,175	6%
Total Operating Expenses	584,676	547,399	7%

Total operating expenses for the year of 2018 of the Company and its subsidiary were Baht 585 million increased from prior year of Baht 37 million or 7%. The mainly causes due to

- Cost of sales and services increased in line with the increase of revenue from sales and services.
- Selling and Administrative expenses increased due to the increase of employee expenses. In addition, marketing expenses also increased from warehouse system provider business segment.

Other Items			
(Thousand Baht)	2018	2017	%Chg.
Finance cost	383	751	(49%)
Income tax expenses	18,579	15,262	22%
Total Other Items	18,962	16,013	18%

- Finance cost decreased by 49% due to the repayment of financial lease liabilities and short-term loans from financial institutions.
- Income tax expenses increased by 22% in line with the operating profit.

Profitability Analysis			
(Thousand Baht)	2018	2017	%Chg.
Gross profit	212,361	183,636	16%
Gross profit margin	32%	30%	
Net profit	73,801	57,548	28%
Net profit margin	11%	9%	
Total comprehensive income	75,924	60,293	26%
Basic earnings per share (Baht)	0.12	0.10	20%

- Gross profit increased of Baht 29 million or 16% and gross profit margin increased by 2% due to special projects that were delivered to customers during the year including efficient costing management.
- Net profit increased of Baht 16 million or 28% and net profit margin increased by 2% in line with the increase of gross profit.
- Total comprehensive income increased of Baht 16 million or 26% in line with the increase of net profit and actuarial gain.
- Basic earnings per share increased of Baht 0.02 or 20% in line with the increase of net profit.

Consolidated Financial Position for year of 2018

Financial Position			
(Thousand Baht)	2018	2017	%Chg.
Total Assets	1,048,319	953,026	10%
Total Liabilities	237,758	176,389	35%
Total Shareholders' Equity	810,561	776,637	4%

- Total assets increased of Baht 95 million or 10% mainly due to the increase of trade accounts receivable and inventories. However, cash also decreased from dividend payment and fixed assets investment.
- Total liabilities increased of Baht 61 million or 35% from trade accounts payable and deposit received in advance, which increased in line with the increase of inventories, in order to support orders from customers.
- Total shareholders' equity increased of Baht 34 million or 4% which increased from total comprehensive income of Baht 76 million and decreased from dividend payment of Baht 42 million.

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Liquidity and Capital Management

Cash Flows		
(Thousand Baht)	2018	2017
Net cash from operating activities	24,481	93,455
Net cash from (used in) investing activities	(130,228)	56,995
Net cash used in financing activities	(46,509)	(58,107)
Net increase (decrease) in cash and cash equivalents	(152,256)	92,343
Beginning cash and cash equivalents	270,472	178,129
Ending cash and cash equivalents	118,216	270,472

For the year of 2018, the Company and its subsidiary had net decrease in cash and cash equivalent of Baht 152 million from the beginning balance of Baht 270 million. As a result, cash and cash equivalents at the end of the year was Baht 118 million. Details of cash flows by activities during the year were as follows:-

- Net cash from operating activities were Baht 24 million.
- Net cash used in investing activities were Baht 130 million as from the increase of current investment and investment in held-to-maturity securities of Baht 90 million and Baht 10 million, respectively, and also paid for investment in fixed assets of Baht 35 million.
- Net cash used in financing activities were Baht 47 million due mainly to dividend payment of Baht 42 million.

Ratios Analysis		
	2018	2017
Return on Asset (%)	9.27%	7.94%
Return on Equity (%)	9.30%	7.65%
Current ratio (x)	4.03	5.36
Total debt to equity (x)	0.29	0.23

Return on asset and return on equity increased by 1.33% and 1.65 %, respectively, due to the increase of profit. Current ratio decreased by 1.33x and Total debt to equity ratio increased by 0.06x due to the increase in current liabilities as from trade accounts payable and deposit received in advance.