

# Management Discussion and Analysis (MD&A)

## Financial Ratio Table

	Consolidated Financial Statement			
	2019	2018	2017	
<b>LIQUIDITY RATIO</b>				
Current Ratio	2.60	2.46	1.85	Times
Quick Ratio	1.35	1.31	0.95	Times
Current Cash Flow Ratio	0.52	0.58	0.38	Times
Receivable Turnover	5.27	5.38	5.21	Times
Average Collection Period	68	67	69	Days
Inventory Turnover	12.78	16.28	15.44	Times
Inventory Turnover Period	28	22	23	Days
Payable Turnover	10.87	11.46	11.61	Times
Payment Period	33	32	31	Days
Cash Cycle	63	57	61	Days
<b>PROFITABILITY RATIO</b>				
Gross Profit	26.21	24.68	23.25	%
Operating Profit	2.47	3.39	2.67	%
Operating Cash Flow Turnover	328.28	300.83	353.39	%
Net Profit	5.41	6.90	5.37	%
Return on Equity	7.23	9.82	7.30	%
<b>EFFICIENCY RATIO</b>				
Return on Total Asset	5.23	6.96	5.24	%
Return on Fixed Asset	28.97	33.87	30.70	%
Total Asset Turnover	0.97	1.01	0.98	Times
<b>FINANCIAL POLICY RATIO</b>				
Debt to Equity	0.26	0.27	0.32	Times
Interest Coverage	83.58	86.97	40.78	Times
Payout Ratio (The Separate Financial Statements)	62.91	50.02	55.36	%

Factors that could affect operating results and financial position in future.

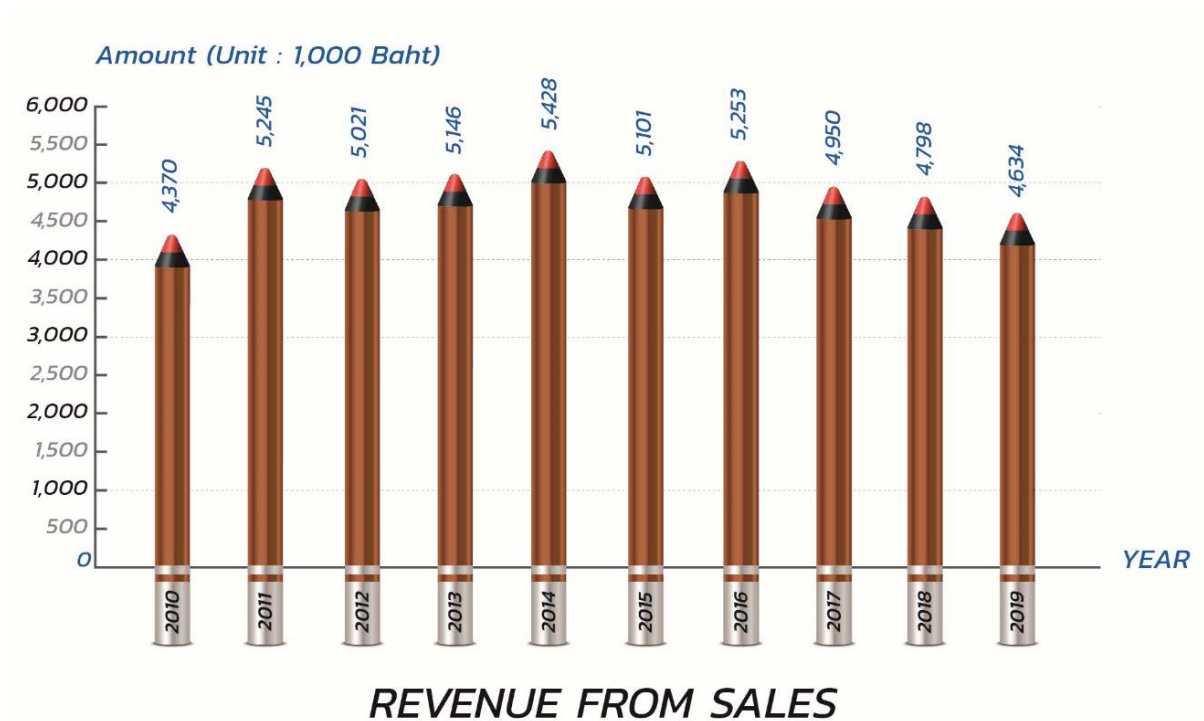
- Nil -



## Overview of Business Operations

In 2019, the cosmetic business had such strong competition together with the current online and offline selling channels. Meanwhile, there is a huge number of the start-ups to serve consumer's demand in the digital era. Additionally, the continual strong baht currency is also directly affecting exportation value alongside the recession of both domestic and overseas economic. Nevertheless, the Company is still having strong determination to enhance our business growth continually to create new innovation for production formula, sustainable supplier selection for raw materials and environmental friendly packaging for the modern production process. The overall effort is to ensure quality goods outcome as the product added value. The company, meanwhile, seek business opportunity with new customers both local and overseas to enhance customer base In order to increase sales and profit to sustain business.

## Financial performance and financial position



### Revenue from sales

In 2019, the company and its subsidiaries had revenue from sales of 4,634 Million Baht, decreased from prior year of 164 million baht or 3.4 % due to decrease in local sales of 353 Million Baht or 12.9 % from decrease in market share in cosmetic and packaging products where as increase in overseas sales of 189 Million Baht or 9.1 % from increase in overseas market share in cosmetic products.

### Gross profit

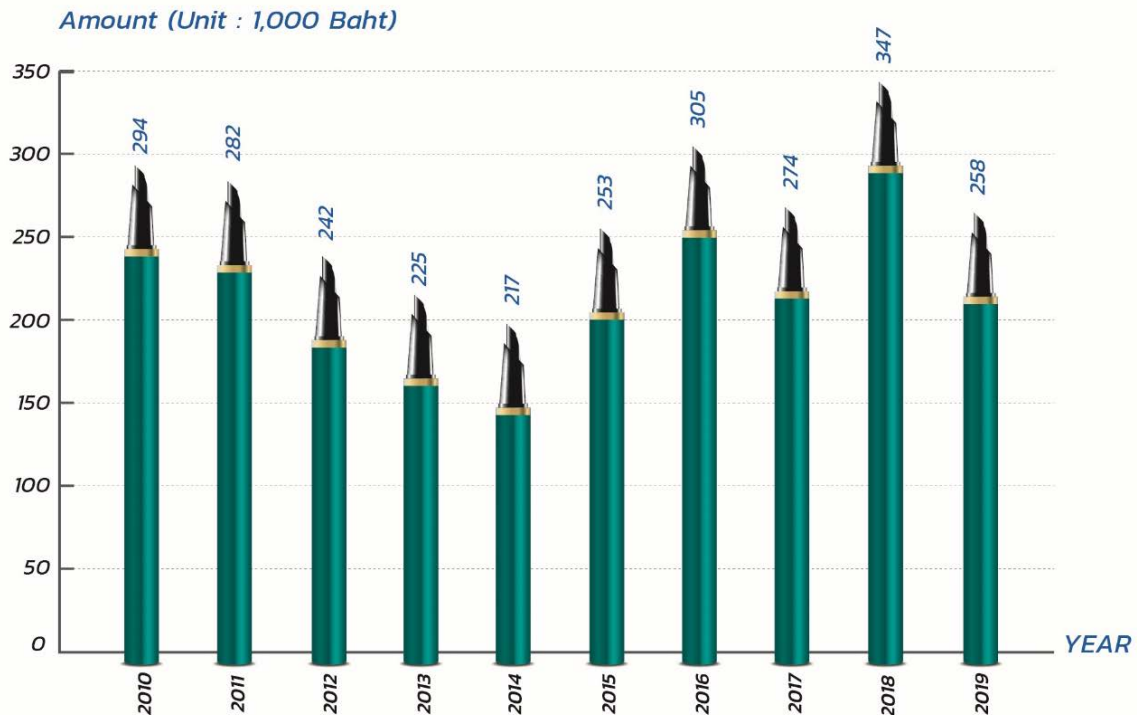
In 2019, the company and its subsidiaries had gross profit of 26.2 % of revenue from sales which increased from prior year of 1.5% due to be able to increase in profitability in cosmetic products and packaging products.

### Other income ( included dividend income and Gain on sales of investment)

In 2019, the company and its subsidiaries had other income of 136 Million Baht decreased from prior year of 98 Million Baht due to having gain on disposal of investment in prior year.

### Administrative expenses

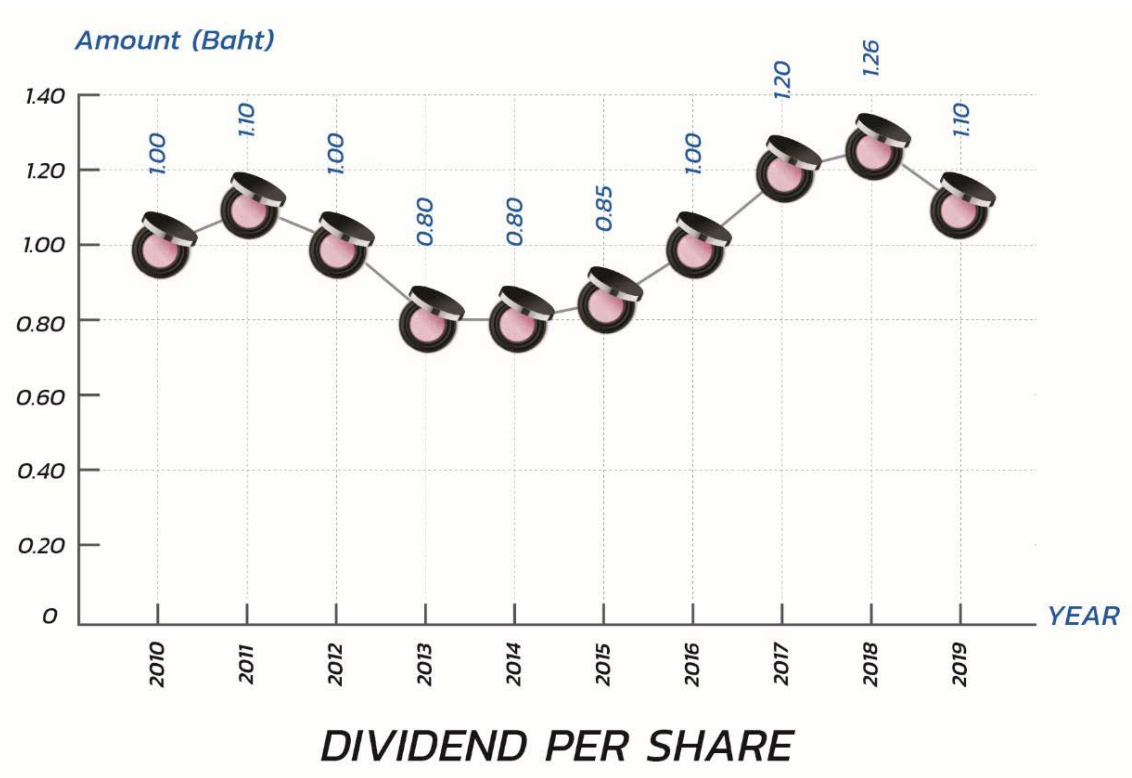
In 2019, the company and its subsidiaries had administrative expenses 945 Million Baht, increased from prior year 65 Million Baht or 7.3 % due to decrease in personel expenses and computer expenses.



## **PROFIT FOR THE YEAR**

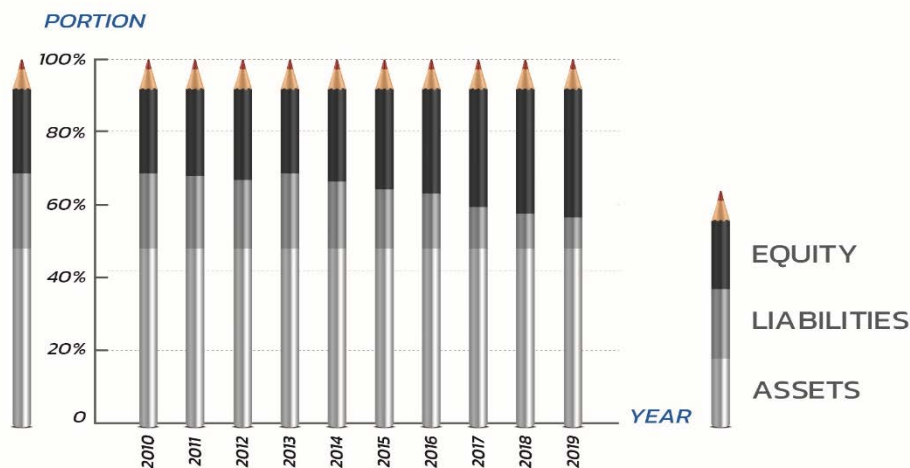
### Profit attributable to equity holders of the parent

In the consolidated financial statements of year 2019, the company and its subsidiaries had net profit attributable to equity holders of the parent company 258 Million Baht, decreased from prior year of 289 million baht or 25.7 % due to decrease in revenues from sales together with increase in expenses as above explained.



### Return on Equity

In the consolidated financial statements of year 2019, The company and its subsidiaries had Return on Equity of 7.2 %, decreased from prior year 2.6% due to decrease in profit for the year. The company has a policy to pay dividend to shareholders at 20-80 percent of profit for the year of the company's separate financial statement ( under the cost method). However, this rate principally depends on economic conditions and operational results of the company. In 2019, the company had profit for the year of 262.1 Million Baht. The company had the resolution of the Board of Directors' Meeting No. 2/2020 held on February 20, 2020 which will be proposed at the shareholders' ordinary meeting for their approval on April 23, 2020 to pay dividend at the rate of 1.10 Baht per share from the 2019 financial performance, totally 164.9 Million Baht. The proposed dividend payment is equal to 62.9 % of profit for the year of the separate financial statement and will be paid on May 22, 2020.



## STATEMENTS OF FINANCIAL POSITION

YEAR	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>EQUITY</b>	2,118	2,901	3,581	3,149	3,480	3,481	3,692	3,824	3,885	3,925
<b>LIABILITIES</b>	1,667	2,137	2,390	2,434	2,203	1,828	1,736	1,230	1,040	1,021
<b>ASSETS</b>	3,785	5,038	5,971	5,583	5,683	5,310	5,429	5,054	4,925	4,946

### Financial position

**Total Assets** : In 2019, the company and its subsidiaries had total assets amounting to 4,946 Million Baht, decreased from prior year of 5,054 Million Baht or 0.43 % due to material changes as follows:

1. Increase in cash and cash equivalent of 74 Million Baht due to collection of receivables during end of the year.
2. Decrease in trade and other receivables of 59 Million Baht due to debt collection from receivables.
3. Increase in inventories due to preparation stocks for sale in the next year.
4. Decrease in available-for-sale securities of 51 Million Baht due to decrease in share price of securities.
5. Increase in property, plant and equipment due to purchase during the year.

**Total Liabilities** : In 2019, the company and its subsidiaries had total liabilities amounting to 1,021 Million Baht, decreased from prior year of 1,040 Million Baht or 1.8 % due to material changes as follows:

1. Increase in bank overdraft and short-term borrowing from financial institutions of 41 Million Baht due to subsidiary's loan from Bank to support its liquidity.
2. Decrease in trade and other payables of 31 Million Baht due to payment to payables.
3. Decrease in income tax payable related to operation result of the company.



**Shareholders' Equity** : In 2019, the company and its subsidiaries had shareholders' equity amounting to 3,925 Million Baht, increased from prior year of 40 Million Baht or 1% due to material changes as follows:

1. Profit for the year of 274 Million Baht and dividend payment of 189 Million Baht.
2. Loss from change in value available -for- sale investments (net of income tax) of 40 Million Baht.

#### Liquidity

1. Cash flows in 2019, the company and its subsidiaries had net increase in cash and cash equivalent of 74 Million Baht by separated activities as follows:

(Unit : Million Baht)

	2019	2018	2017
Cash Flows provided from Operating Activities	366.6	486.5	466.5
Cash Flows provided from (used in) Investing Activities	(135.8)	13.1	48.9
Cash Flows used in Financing Activities	(156.6)	(488.8)	(593.9)
Net Increase (Decrease) in Cash and Cash Equivalent	74.2	10.8	(78.5)

The material changes in cash flows in 2019 are as follows:

- Decrease in cash flows provided from operating activities of 120 Million Baht due to increase in inventories and payment to trade and other payables.
- Decrease in cash flows provided from investing activities of 149 Million Baht due to decrease in dividend received from investment and no cash received from disposal of investment in this year.
- Decrease in cash flows used in financing activities of 332 Million Baht due to decrease in short-term borrowings from financial institution from more liquidity.

#### 2. Sufficiency of liquidity

	2019	2018	2017	
Current Ratio	2.60	2.46	1.85	Times
Quick Ratio	1.35	1.31	0.95	Times
Current Cash Flow Ratio	0.52	0.58	0.38	Times
Debt to Equity ratio	0.26	0.27	0.32	Times

In 2019, the company and its subsidiaries had more liquidity reflecting from the above Current Ratio of 2.60 times and increase in Quick Ratio from prior year which were a result of efficiency of debt collection together with most customers are good and made their payment on time, together with cash received from investing activities as above said. Whereas, Debt to Equity Ratio of 0.26 times, decreased from prior year reflecting overall adequacy of business liquidity.