

# Management Discussion and Analysis



# Management Discussion and Analysis (MD&A)

## 1. Overview - The Company's Business Operations

In 2019, the overall Thai economy was in a slowdown from last year due to the global economic slowdown from the uncertainty of trade protection measures, the appreciation of Baht currency resulting in the decline in export value including being affected by the severe drought while private consumption and investment increased.

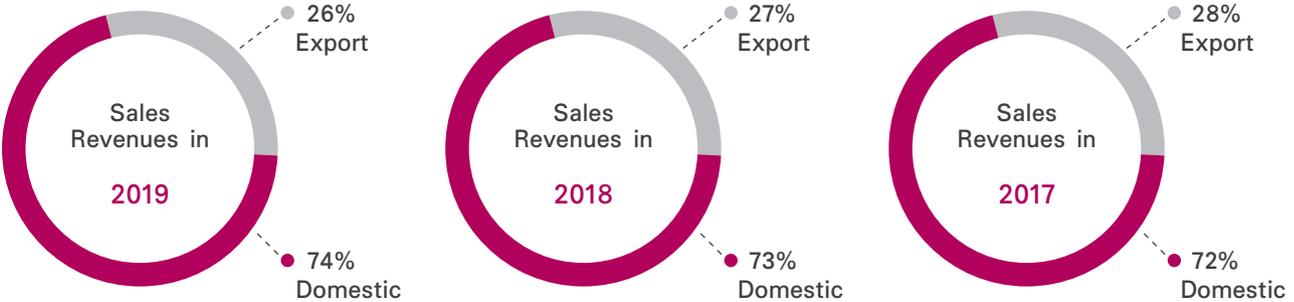
For the lingerie market in 2019, it still continued to be highly competitive market with regards to quality of products and service, design, pricing, distribution channels, and sales promotion activities including more import of women's lingerie from foreign countries in order to meet the diverse needs of consumers and to create maximum customers' satisfaction. Meanwhile, the changes in information technology have contributed to the changing behavior of consumers in which more purchasing products through online channels. As the company has become aware of the importance of such changes, it thus place emphasis on online marketing in terms of social media marketing and online marketing which tend to grow every year to expand market and sales opportunities in order to meet consumers' behaviour.

In 2019, the Company achieved total consolidated sales revenues of Baht 4,881.15 million, representing an increase of 5.97% YoY; and total Net Profit of Baht 336.08 million, representing a decrease of 5.53% YoY. As at the end of 2019, total assets were Baht 7,468.05 million, an increase of 2.72% compared to the end of the previous year; while, Return on Equity was 5.81%, and Return on Assets was 4.56%. The Company has also adapted its policies and strategies to the changing economic conditions in regards to sales and marketing, raw materials, and increased expenses from the previous year as a result of rising wages and rising prices of certain commodities.

As for the sales activities, the Company has also collaborated with its key distributors with regards to the production process, as well as improved existing sales channels in expanding into various new sales and distribution channels – such as: Online and Omni Channel. It enabled the company's products to reach customers of all ages and all target groups.

## 2. Operating Results and Profitability

### 2.1 Analysis of Operating Results

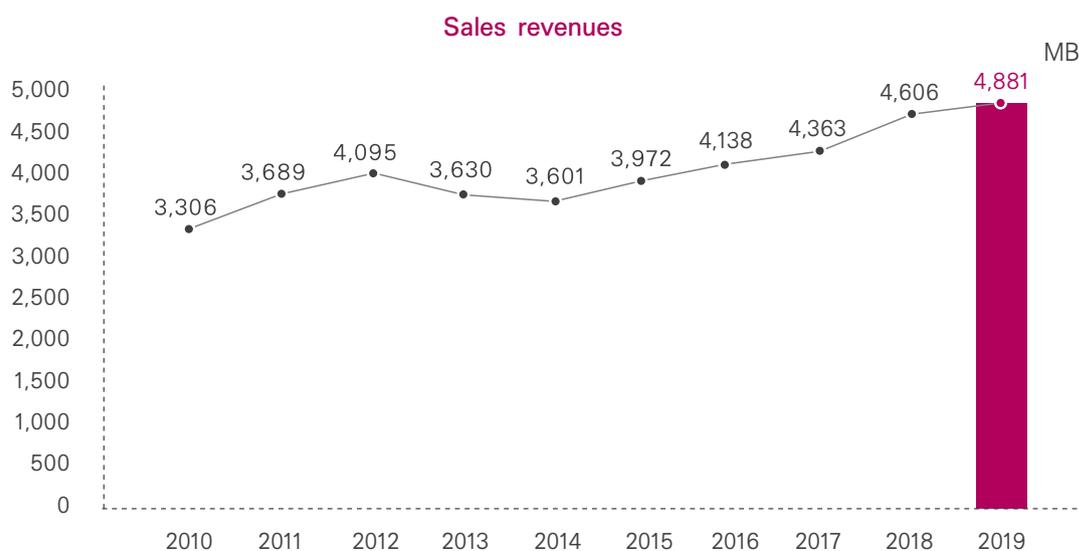


## Revenues from Sales of Products and Services

In 2019, the Company had total sales revenues and services of Baht 4,881.15 million, compared to Baht 4,606.05 million for the previous year, a net increase of Baht 275.10 million or 5.97% YoY. The domestic sales and export sales increased by 8.14% and 0.14% respectively.

Unit : Million Baht

Consolidated	2019	2018	2017	%Increase (Decrease)	
				2019/2018	2018/2017
Domestic sales	3,631.84	3,358.53	3,129.58	8.14	7.32
Export sales	1,249.31	1,247.52	1,232.96	0.14	1.18
<b>Total sales</b>	<b>4,881.15</b>	<b>4,606.05</b>	<b>4,362.54</b>	<b>5.97</b>	<b>5.58</b>



As for full year 2019 sales by product categories, they are as follows: total ladies' lingerie sales of Baht 4,560.30 million, or an increase of 6.97% YoY; total ladies' outerwear sales of Baht 112.97 million, or a decrease of 11.35% YoY, total children wear sales of Baht 185.15 million, or a decrease of 12.64% YoY, and other sales of Baht 22.73 million, or an increase of 543.91% YoY.

Unit : Million Baht

Consolidated	2019	2018	2017	%Increase (Decrease)	
				2019/2018	2018/2017
Ladies' lingerie	4,560.30	4,263.15	4,055.34	6.97	5.12
Ladies' outerwear	112.97	127.44	95.84	(11.35)	32.97
Children wear	185.15	211.93	211.36	(12.64)	0.27
Others	22.73	3.53	-	543.91	-
<b>Total sales</b>	<b>4,881.15</b>	<b>4,606.05</b>	<b>4,362.54</b>	<b>5.97</b>	<b>5.58</b>

## Other Income

In 2019, other income totaled Baht 180.63 million, compared to Baht 95.99 million for the previous year, or equal to an increase of Baht 84.64 million or 88.18% YoY., mainly due to profit from sale of unused land of Baht 81.92 million.

Unit : Million Baht

Consolidated	2019	2018	2017	%Increase (Decrease)	
				2019/2018	2018/2017
Dividend income	78.76	78.15	81.87	0.78	(4.54)
Other income	180.63	95.99	102.14	88.18	(6.02)
<b>Total other income</b>	<b>259.39</b>	<b>174.14</b>	<b>184.01</b>	<b>48.95</b>	<b>(5.36)</b>

## Cost of Sales

In 2019, the Company had total cost of sales equal to 65.12% of total sales revenues, compared to 73.79% in the previous year or representing a decrease of 8.67% YoY. Price structure of products sold to distributor had been adjusted; therefore, selling price has been increased. When comparing to cost of sales, the rate has been decreased.

Unit : Million Baht

Consolidated	2019	%	2018	%	2017	%	%Increase (Decrease)	
							2019/2018	2018/2017
Revenues from sales of products and services	4,881.15	100.00	4,606.05	100.00	4,362.54	100.00	5.97	5.58
Cost of sales	3,178.55	65.12	3,398.58	73.79	3,341.33	76.59	(6.47)	1.71
Gross profit	1,702.60	34.88	1,207.47	26.21	1,021.21	23.41	41.01	18.24

## Selling and Administrative Expenses

In 2019, the Company had total selling expenses of Baht 808.06 million, representing an increase of Baht 542 million or 203.71% YoY, due to the Company changing the sales management structure with distributors. The company is responsible for marketing and sales promotion in order to the speed, flexibility, and efficiency in management.

The Company also had total administrative expenses of Baht 714.50 million, representing an increase of Baht 42.78 million or 6.37% YoY mainly due to the adjusted increase in monthly wages and employee welfare.

Unit : Million Baht

Consolidated	2019	%	2018	%	2017	%	%Increase (Decrease)	
							2019/2018	2018/2017
Selling expenses	808.06	16.55	266.06	5.78	131.68	3.02	203.71	102.05
Administrative expenses	714.50	14.64	671.72	14.58	625.47	14.34	6.37	7.39

## Other Expenses and Income Tax Expenses

In 2019, the Company had reversal on impairment of investments in ordinary share of Baht 25.01 million, due to the Company selling such investments and having net loss on sale of investments of Baht 9.82 million.

Income tax expenses for 2019 totaled Baht 49.48 million, representing an increase of Baht 5.08 million or 11.44% YoY, due to in 2019 the Company having increased sales revenues and taxable profit.

Unit : Million Baht								
Consolidated	2019	%	2018	%	2017	%	%Increase (Decrease)	
							2019/2018	2018/2017
Reversal (loss) on impairment of investments	25.01	0.51	(75.42)	(1.64)	(8.07)	(0.18)	133.16	(834.57)
Gain (loss) on sale of investments	(9.82)	(0.20)	90.49	1.96	(5.19)	(0.12)	(110.86)	1,843.55
Income Tax	49.48	1.01	44.40	0.96	40.20	0.92	11.44	10.45

## Profit

Consolidated	Unit	2019	2018	2017	%Increase (Decrease)	
					2019/2018	2018/2017
Gross profit	Million Baht	1,702.60	1,207.47	1,021.21	41.01	18.42
Profit before financial cost and income tax expenses	Million Baht	381.90	389.55	370.65	(1.96)	5.10
Net profit	Million Baht	336.08	355.76	324.67	(5.53)	9.58
Earnings per share	Baht per share	2.80	2.96	2.71	(5.41)	9.23
Return on total revenues	%	6.54	7.44	7.14	(12.10)	4.20
ROE	%	5.81	6.15	5.80	(5.53)	6.03
ROA	%	4.56	4.96	4.72	(8.06)	5.08

## Gross Profit

In 2019, the Company had Total Gross Profit of Baht 1,702.60 million, representing an increase of Baht 495.13 million or 41.01% YoY, due to the Company having increased revenues from sales of products and services in both domestic and overseas markets.

## Profit before Financial Cost and Income Tax Expenses

Total Profit before Financial Cost and Income Tax Expenses was Baht 381.90 million, equal to a decrease of Baht 7.65 million or 1.96% YoY, as a result of the Company having decreased revenues from sales in overseas markets due to Baht appreciation.

## Net Profit attributable to Owners of the Parent

In 2019, total achieved Net Profit was Baht 336.08 million compared to Baht 355.76 million in the previous year, representing a decrease of Baht 19.68 million or 5.53% YoY. This is equal to an Earnings per Share (EPS) of Baht 2.80; and represented a Return on total revenues of 6.54%, a Return on Equity of 5.81% and a Return on Assets of 4.56%.

The quality of the Company's profit is still considered to be 'good', with a total net Cash Flow from operations of Baht 47.39 million derived from sales revenues and also from being able to collect most of the receivables within their due date.

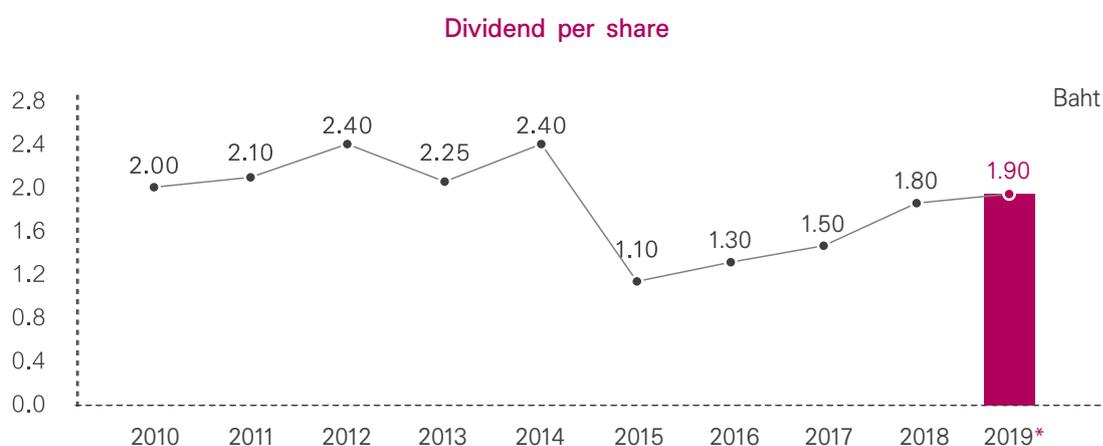


## Return on Equity

In 2019, the Company achieved a Return on Equity of 5.81%, compared to 6.15% for the previous year, due to the Company having decreased Net Profit. The Company has a policy to always pay a regular dividend of Baht 0.25 per share to its Shareholders; although this largely depends on the actual achieved operating performance results as well as the overall economic situation. Additionally, the Company also takes into consideration its current liquidity together with ongoing investment plans. In the past, the Company has continuously paid out dividend payments to its Shareholders for 46 consecutive years - from 1974 and up to the present.

According to its consolidated financial statements for year 2019, the Company achieved a total consolidated Net Profit of Baht 336.08 million (or equal to an EPS of Baht 2.80) and a total separate Net Profit of Baht 368.26 million (or equal to an EPS Baht 3.07); whereby at the Board of Directors Meeting No.9/2019 held on March 3, 2020, a resolution was approved to propose, to the Annual General Meeting of Shareholders, a dividend payment for 2019 of Baht 1.90 per share - or totaling Baht 228 million. This proposed dividend payment is equal to 61.91% of the total separate Net Profit, with actual payment to be made on May 21, 2020.

	Separate	Unit	2019	2018	2017
Net profit		Million Baht	368.26	324.85	370.56
Number of shares		Million shares	120.00	120.00	120.00
Earnings per share		Baht per share	3.07	2.71	3.09
Dividend per share		Baht per share	1.90	1.80	1.50
Total dividend payments		Million Baht	228.00	216.00	180.00
Payout Ratio		%	61.91	66.49	48.58



**Remark \*** The Board of Directors resolved to set dividend payment rate at Baht 1.90 per share, for further proposal to the shareholders' general meeting for approval, on April 22, 2020.

## 2.2 Analysis of the Financial Status

As at the end of 2019, the Company had total assets of Baht 7,468.05 million, an increase of Baht 197.67 million, or 2.72%, from the end of the previous year. This consisted of various types of assets and equal to the respective ratio to total assets indicated, as follows: cash and cash equivalents at 3.15%; temporary investments at 6.76%; trade and other current receivables at 12.92%; inventories at 18.89%; non-current assets classify as assets held for sales at 5.77%; available-for-sale securities investments at 18.57%; other long-term investments at 11.79%; investment property at 1.07%; property, plant and equipments at 16.22%; and other assets at 4.86%.

Unit : Million Baht

Consolidated	2019	2018	2017	%Increase (Decrease)	
				2019/2018	2018/2017
Cash and cash equivalents and Temporary investments	740.16	568.49	453.90	30.20	25.25
Trade and other current receivables	965.06	851.17	728.84	13.38	16.78
Other short-term loans	21.53	21.53	41.55	0.00	(48.18)
Inventories	1,410.76	1,302.01	1,109.49	8.35	17.35
Other current assets	27.35	22.37	19.86	22.26	12.64
Non-current assets classify as assets held for sales	430.91	-	-	-	-
<b>Total current assets</b>	<b>3,595.77</b>	<b>2,765.57</b>	<b>2,353.64</b>	<b>30.02</b>	<b>17.50</b>
Available-for-sale investments	1,386.73	1,503.86	1,670.65	(7.79)	(9.98)
Investments in associates	180.38	176.69	165.93	2.09	6.48
Other long-term investments	880.85	796.55	859.82	10.58	(7.36)
Investment property	80.06	709.98	713.57	(88.72)	(0.50)
Property, plant and equipment	1,211.30	1,227.76	1,257.31	(1.34)	(2.35)
Other non-current assets	132.96	89.97	47.25	47.78	90.41
<b>Total non-current assets</b>	<b>3,872.28</b>	<b>4,504.81</b>	<b>4,714.53</b>	<b>(14.04)</b>	<b>(4.45)</b>
<b>Total Assets</b>	<b>7,468.05</b>	<b>7,270.38</b>	<b>7,068.17</b>	<b>2.72</b>	<b>2.86</b>

## Current Assets

As at the end of 2019, the Company had total current assets of Baht 3,595.77 million, an increase of Baht 830.20 million from the previous year, mainly consisting of an increased cash and cash equivalents and temporary investments, and higher inventories, as well as non-current assets classify as assets held for sales which transferred from investment property - with detail as follows:

- **Cash and cash equivalents, and temporary investments** totaled Baht 740.16 million, representing an increase of Baht 171.67 million from the previous year, due to the Company having proceeds from sale and advance received for land in the investment property.
- **Trade and other current receivables** totaled Baht 965.06 million, representing an increase of Baht 113.89 million from the previous year, as a result of the Company having higher sales revenues and not yet due of payment.
- **Short-term loans** totaled Baht 21.53 million, representing the same amount as the previous year.
- **Inventories** totaled Baht 1,410.76 million, representing an increase of Baht 108.75 million from the previous year, due to the Company having more production than sales in which part of sales from targeted tourists also decreased.
- **Non-current assets classify as assets held for sales** totaled Baht 430.91 million. It is the land in the investment property which will be transferred ownership within April, 2020.

## Non-Current Assets

As at the end of 2019, the Company had Non-Current Assets totaling Baht 3,872.28 million, a decrease of Baht 632.53 million from the previous year, due to the Company selling the land and adjusting available-for-sale securities investments according to lower market prices.

- **Available-for-sale-investments** totaled Baht 1,386.73 million, representing a decrease of Baht 117.13 million from the previous year, due to the Company selling the investments in ordinary shares and recognizing the investments in available-for-sale securities according to lower market prices.
- **Investments in Associates** totaled Baht 180.38 million, representing an increase of Baht 3.69 million from the previous year, due to the associates having higher profit.
- **Other long-term investments** totaled Baht 880.85 million, representing an increase of Baht 84.30 million from the previous year, due to the Company having increased ordinary shares and debentures investments.
- **Investment property** totaled Baht 80.06 million, representing a decrease of Baht 629.92 million from the previous year, due to deduct the depreciation of Baht 3.37 million, sell during the year of Baht 184.54 million, classify as assets held for sales of Baht 430.91 million.
- **Property, plant and equipments** totaled Baht 1,211.30 million, representing a decrease of Baht 16.46 million from the previous year, as a result of purchasing machinery and equipments, computers, vehicles, and durable articles totaling Baht 70.70 million, and deducting total depreciation of Baht 90.81 million for the year.
- **Other non-current assets** totaled Baht 132.96 million, representing an increase of Baht 42.99 million from the previous year, mainly due to increased employee benefit from employees transferred from related companies.

## Total Liabilities

As at the end of 2019, the Company had total liabilities of Baht 1,709.64 million, an increase of Baht 250.36 million, or 17.16%, compared to the end of the previous year mainly due to the Company having provision from goods returned of Baht 131.20 million and provision for employee benefit of Baht 188.37 million.

Consolidated	2019	2018	2017	Unit : Million Baht	
				%Increase (Decrease)	
				2019/2018	2018/2017
Current liabilities	1,007.48	877.24	682.48	14.85	28.54
Non-current liabilities	702.16	582.04	620.55	20.64	(6.21)
Total liabilities	1,709.64	1,459.28	1,303.03	17.16	11.99
Shareholders' Equity	5,758.41	5,811.09	5,765.14	(0.91)	0.80
Book value per share (Baht / Share)	47.99	48.43	48.04	(0.91)	0.81

## Shareholders' Equity

As at the end of 2019, the value of the Shareholders' Equity in the Company totaled Baht 5,758.41 million, a decrease of Baht 52.68 million or 0.91% YoY. This resulted from the Company having achieved total full year 2019 Net Profit of Baht 336.08 million and making dividend payments, in regards to full year 2018 performance results, totaling Baht 216 million, together with having a lower other components of Shareholders' Equity totaling Baht 172.76 million. As such, the Company's book value per share, as at the end of 2019, equaled to Baht 47.99 compared to Baht 48.43 for the previous year or a YoY decrease of Baht 0.44 per share.



## 3. Asset Management Capabilities

### Receivables

Trade and other current receivables totaled Baht 965.06 million, comprising of Baht 808.12 million in trade receivables and Baht 156.94 million in other current receivables. The trade receivables include accounts receivables that are not yet due totaling Baht 762.27 million (equal to 94.33% of total trade receivables); overdue trade receivables within 3 months totaling Baht 45.48 million (equal to 5.63% of total trade receivables), because the trade payables payment policy of our customers are not aligned to the payment due dates; and overdue trade receivables more than 3 months totaling Baht 0.37 million (equal to 0.04% of total trade receivables).

As such, the majority of the Company's trade receivables are of good quality, paying all their debts in full and on time.

### **Inventories**

Inventories totaled Baht 1,410.76 million - consisting of raw materials totaling Baht 325.91 million, work in process totaling Baht 140.78 million, and finished goods totaling Baht 944.07 million. The Company has stated the amount of its inventories in the financial statements at cost or at market value, whichever was lower; whereby any goods that are of sub-standard quality or out-of-date are stated at their adjusted lower value in accordance with Thai accounting standards.

### **Investments**

The Company had unrealized gains on changes in value of available-for-sale securities totaling Baht 733.55 million, which are included in the total Shareholders' Equity, together with reversal on impairment of investments totaling Baht 25.01 million.

Additionally, if the book value, from an accounting viewpoint, of these investments were taken into consideration, the overall total value will be more than the cost value; whereby an annual return in the form of dividend payments at the rate of 5.34% per annum was received, with details being reported to the Board of Directors meetings in order to monitor and assess the value of these investments on a regular basis.

### **Property, Plant and Equipments**

The current market value of property, plant and equipments is higher than the value reported in the financial statements, which is presented at cost less accumulated depreciation. Additionally, improvements and ongoing repairs have been made regularly to the office and manufacturing facilities, as necessary and appropriate; while most of the production machinery and equipments are modern and up to date to enable them to be used effectively in the manufacturing process; whereby the Company has replaced old machinery and equipments with new ones, and have maintained them on a regular basis, with the remaining value of any old and unused machinery and equipments having been sold out.

### **Investment Property**

The Company made investments in buying land and plant which is regarded as investment property, and has regularly reappraised the fair value in accordance with Thai accounting standards; whereby the fair value is more than the cost value as reported in the financial statements, with details given in the accompany 'Notes (No. 14) to the Financial Statements : Investment Property'.

## **4. Liquidity and Sufficiency of Funds**

### **Source of Funds**

The source of funds used by the Company for its business operations and in making further investments are mainly derived from its working capital and accumulated profits.

### **Investments**

The Company made investments mainly in purchasing machinery and equipments, computers, and vehicles, together with improving office buildings and factory buildings totaling Baht 74.09 million, with the objective of using most of these assets in the operations of its businesses.

### Adequacy of the Company's Liquidity

The Company's has good and adequate financial liquidity, as evident from its current ratio of 3.57 times for 2019, together with its quick ratio of 1.54 times. Additionally, the Company still has a very low Debt to Equity (D/E) ratio of 0.30 times that underscores its financial stability and the overall adequacy of the Company's liquidity.

Consolidated	Unit	2019	2018	2017
Current ratio	Times	3.57	3.15	3.45
Quick ratio	Times	1.54	1.53	1.70
Debt to equity ratio	Times	0.30	0.25	0.23

### Cash Flows

As at the end of 2019, the Company had cash and cash equivalents totaling Baht 235.42 million compared to Baht 167.71 million as at the end of the previous year, or representing an increase of Baht 67.71 million. The details of net cash flows classified by operating activities, investing activities, and financing activities were as follows:

	Unit : Million Baht		
Consolidated	2019	2018	2017
Net cash provided by (used in) operating activities	47.39	206.21	397.60
Net cash provided by (used in) investing activities	236.83	109.00	(251.70)
Net cash provided by (used in) financing activities	(216.30)	(180.48)	(174.61)

The Company had a 'net cash provided by operating activities' totaling Baht 47.39 million, a decrease of Baht 158.82 million from the previous year, as a result of the Company having increased inventories.

The Company had a 'net cash flows used in investing activities' totaling Baht 236.83 million, mainly resulting from having proceeds from sale of land of Baht 269.51 million, proceeds from advance received for land of Baht 100 million, and cash received from dividends of Baht 75.39 million, while investing in available-for-sale debt securities of Baht 126.72 million, payments for purchase of general investments of Baht 51.50 million, and payments for purchase of machinery and equipments, computers, and vehicles, together with the investment in intangible assets and leasehold rights of Baht 74.09 million.

The Company had a 'net cash flows used in financing activities' totaling Baht 216.30 million, mainly as a result of making dividend payments to its Shareholders totaling Baht 216 million.

### 5. Contractual obligations and off-balance sheet arrangements

Total liabilities of the Company as at December 31, 2019 was Baht 1,709.64 million - consisting of short-term liabilities totaling Baht 1,007.48 million and long-term liabilities totaling Baht 702.16 million.

## Details of the Company's Total Long-Term Liabilities

Unit : Million Baht

Long-Term Liabilities	2019	2018	2017
Financial lease liabilities	-	-	0.26
Deferred tax liabilities	14.70	72.91	122.53
Retirement benefit obligation	687.46	509.13	497.76

Deferred tax liabilities totaled Baht 14.70 million, representing a decrease of Baht 58.21 million, mainly due to unrealized lower gains from changes in the value of securities and increased provisions for employee benefit.

Additionally, the Company has debt-related obligations that may have a significant impact on its overall financial status and business operations, details of which are stated in the accompanying 'Notes (No. 34) to the Financial Statements: Contingent Liabilities and Commitments'.

## 6. Factors or situations that may have an impact on the financial status or operations of the Company in the future

The Company has a policy to join with its products distributors in continuing to expand and add new sales and distribution channels, as well as to focus on marketing activities together with developing and enhancing both the value and innovation of its products in order to meet the consumers' requirements and expectations.

However, there are also various factors, which may have an impact on the future business operations of the Company as follows:

### External factors

- Thai economy tends to grow at a slower rate because some exports may be affected by the global economic slowdown due to the impact of trade war between the United States and China.
- Ladies' lingerie market is highly competitive market, with various foreign brands entering the Thai market to satisfy consumer demands.
- Fast changing customer and consumer requirements in regards to pricing as well as sales and distribution channels that are more convenient and easily accessible for purchasing these products.

### Internal factors

- The Company gives importance to the development of quality and new innovative products, through undertaking joint investments with a foreign firm that is an expert in the production of quality lingerie raw materials, so as to achieve competitive advantages in the longer term as follows :

Year of investment	Company Name	Shareholding Ratio
2016	A Tech Textile Co., Ltd.	19%
2016	G Tech Material Co., Ltd.	19%
2017	Pattaya Manufacturing Co., Ltd.	40%

- Increasing labor wages together with a shortage of labor in Thailand, resulting in increased overheads and labor costs, which has driven the Company to expand its investments into nearby AEC countries. The Company has collaborated in establishing associated companies in Myanmar, in order to expand its manufacturing base into a country with lower cost of labor.

Year of investment	Company Name	Shareholding Ratio
2013	Pattaya Myanmar Co., Ltd.	20%
2015	Myanmar Wacoal Co., Ltd.	40%

## 7. Expenses for Research & Development with regards to Technology and Innovation

Wacoal products have always been committed to the philosophy of “BEAUTY FROM THE INSIDE, RESULTS IN BEAUTY ON THE OUTSIDE”, which reflects the fact that the beauty of a lady’s figure always comprises of 2 key elements: the body and the mind. As such, all Wacoal products do not only stress the physical beauty but also the comfortableness in wearing our products that will then also help to give a feeling of healthiness and well-being. Therefore, the Company is committed to and has always attached much importance on research & development of new technology and innovation with regards to ladies’ lingerie products, through establishing the Human Science Research Center that is responsible for the research and development of data on the physiology relating to the physical features and figure of Thai women, together with the Research Development & Innovation Center that is responsible for the innovations relating to new raw materials and products that will result in creative and quality lingerie products as well as that are environmentally friendly. During 2019, a summary of the outputs from the research and development activities is as follows:

### 1. Study and research on women’s figure and shape

The Company has continued to study and undertake research on Thai women’s figure and shape for a long time, in order to make use of the research data outputs as specifications in producing our ladies’ lingerie so that they are of good quality standards and correspond to the ever changing exact ladies form and figure within various age categories. As such, last year the Company spent a total of Baht 2.88 million on these research and development activities.

### 2. Joint development of new raw materials together with a business partner

The important product development activities focus on research and development of product innovations with regards to raw materials that will meet customer demands. Thus, the Company gives importance to assessing and testing the quality of new raw materials for our products together with the ongoing development of production machinery and the quality of associated production technology for new products. This included undertaking a joint business with a raw materials supplier in producing quality raw materials that will also take care of the environment, details of which activity are given under the heading “Corporate Business Nature” on the significant developments during the past year. During the year, the Company spent a total of Baht 7.20 million relating to this activity.

## Financial ratios compared between 2019, 2018, and 2017

Consolidated	Unit	2019	2018	2017
<b>Liquidity Ratio</b>				
1. Current Ratio	times	3.57	3.15	3.45
2. Quick Ratio	times	1.54	1.53	1.70
3. Liquidity of Cash Flow from Operations	times	0.05	0.26	0.58
4. Receivable Turnover	times	6.17	6.23	6.64
5. Average Collection Period	days	58.35	57.78	54.22
6. Inventory Turnover	times	3.65	4.80	4.82
7. Average Inventory Period	days	98.63	75.00	74.69
8. Account Payable Turnover	times	9.17	9.21	9.54
9. Average Payment Period	days	39.26	39.09	37.74
10. Cash Cycle	days	117.72	93.70	91.17
<b>Profitability Ratio</b>				
1. Gross Profit Margin	%	34.88	26.21	23.41
2. Return on Total Revenues	%	6.54	7.44	7.14
3. Return on Equity	%	5.81	6.15	5.80
<b>Efficiency Ratio</b>				
1. Return on Assets	%	4.56	4.96	4.72
2. Assets Turnover	times	0.70	0.67	0.66
<b>Financial Policy Ratio</b>				
1. Debt to Equity Ratio	times	0.30	0.24	0.23
2. Interest Coverage Ratio	times	4,949.28	3,219.03	1,610.78
3. Payout Ratio	%	67.84*	60.72	55.44

**Remark :** \* The Board of Directors resolved to set dividend payment rate at Baht 1.90 per share, for further proposal to the shareholders' general meeting for approval, on April 22, 2020.