



(Translation)

H.O. 1001/ 233/ 2019

August 9, 2019

Subject: Clarification on the performance of financial statements for the three-month and nine-month periods ended June 30, 2019

Attention: President  
The Stock Exchange of Thailand

**Financial Performance for three-month period ended 30 June 2019**

Sermsuk Public Company Limited's performance for the three-month period ended June 30, 2019 as reported in the consolidated financial statement the Company has net loss, including past service cost for employee benefit of Baht 38.5 million, a decrease of Baht 35.7 million or 48.1% compared to net loss of Baht 74.2 million at the same period of prior year.

However, by excluding impact of past service cost for employee benefit of Baht 137.4 million (net of corporate income tax), the Company had net profit of Baht 98.9 million, an increase of Baht 173.1 million or 233.3% compared to net loss of Baht 74.2 million at the same period of prior year.

The significant factors are as follows:

1. Revenue from sales and services was Baht 3,264.8 million, an increase of 14.0% because the Company has continued to strengthen its growth of est and Crystal and the Company launched a new product: Sarsi. However, the Company discontinued the distribution of Lipton.
2. Cost of sales and services was Baht 2,295.5 million, an increase of 11.8% which in line with an increase in revenue from sales and service and change in product mix.
3. Distribution cost and administrative expenses was Baht 947.0 million, a decrease of 3.5%, due to lower sales and marketing expenses from well control program.
4. Other income of Baht 29.4 million was mainly from gain from free drink charged of Baht 12.2 million, sales of scrap of Baht 11.2 million. The remaining was claimable income of damage product and packaging and others.
5. Past service cost for employee benefit was Baht 171.8 million recognized in third quarter of 2019 in accordance with the changes in the Labor Protection Act on 5 April 2019 that was non-operating item.



The performance for three-month period ended June 30, 2019 reflected to the basic net losses per share, including past service cost for employee benefit of Baht 0.14, a decrease of Baht 0.14 per share compared to the basic net losses per share of Baht 0.28 at the same period of prior year.

However, by excluding impact of past service cost for employee benefit of Baht 0.51 per share (net of corporate income tax), the Company had basic profit per share of Baht 0.37, an increase of Baht 0.65 per share compared to the basic net losses per share of Baht 0.28 at the same period of prior year.

### **Financial Performance for nine-month period ended 30 June 2019**

Sermsuk Public Company Limited's performance for the nine-month period ended June 30, 2019 as reported in the consolidated financial statements the Company has net loss, including past service cost for employee benefit of Baht 159.2 million, a decrease of Baht 100.3 million or 38.7% compared to net loss of Baht 259.5 million at the same period of prior year.

However, by excluding impact of past service cost for employee benefit of Baht 137.4 million (net of corporate income tax), the Company has net loss of Baht 21.8 million, a decrease of Baht 237.7 million or 91.6% compared to net loss of Baht 259.5 million at the same period of prior year.

The significant factors are as follows:

1. Revenue from sales and services was Baht 8,964.6 million, an increase of 9.0% because the Company has continued to strengthen its growth of est and Crystal and the Company launched a new product: Sarsi. However, the Company discontinued the distribution of Lipton
2. Cost of sales and services was Baht 6,446.7 million, an increase of 8.5% which was in line with an increase in revenue from sales and service.
3. Distribution cost and administrative expenses was Baht 2,801.6 million, a decrease of 2.9% due to lower marketing expenses from well control program.
4. Other income of Baht 96.9 million was mainly from gain from free drink charged of Baht 39.3 million, sales of scrap of Baht 33.7 million. The remaining was claimable income of damage product and packaging and others.
5. Past service cost for employee benefit was Baht 171.8 million recognized in third quarter of 2019 in accordance with the changes in the Labor Protection Act on 5 April 2019 that was non-operating item.

The performance for nine-month period ended June 30, 2019 reflected to the basic net losses per share including past service cost for employee benefit of Baht 0.60, a decrease of Baht 0.38 per share compared to the basic net losses per share of Baht 0.98 at the same period of prior year.



However, by excluding impact of past service cost for employee benefit of Baht 0.51 per share (net of corporate income tax), the Company had basic net losses per share of Baht 0.09, a decrease of Baht 0.89 per share compared to the basic net losses per share of Baht 0.98 at the same period of prior year.

### **Financial Position as at June 30, 2019**

#### **Assets**

Total assets as at June 30, 2019 was Baht 11,899.1 million, an increase of Baht 239.7 million or 2.1 % compared to total assets at the end of prior year.

Current assets were Baht 2,632.4 million, an increase of Baht 424.1 million or 19.2% mainly from an increase in cash and cash equivalents.

Non-current assets were Baht 9,266.6 million, a decrease of Baht 184.4 million or 2.0% mainly from depreciation expense of property, plant and equipment.

#### **Liabilities**

Total liabilities as at June 30, 2019 was Baht 3,535.0 million, an increase of Baht 416.3 million or 13.4% compared to total liabilities at the end of prior year.

Current liabilities were Baht 2,368.1 million, an increase of Baht 233.8 million or 11.0% mainly from an increase in trade account payable due to raw material purchase.

Non-current liabilities were Baht 1,166.9 million, an increase of Baht 182.4 million or 18.5% mainly from an increase in recognition of non-current provisions for employee benefits accordance with the changes in the Labor Protection Act.

#### **Equity**

Total equity as at June 30, 2019 was Baht 8,364.1 million, a decrease of Baht 176.5 million or 2.1% compare to total equity at the end of prior year, due to a decrease in retained earnings as a result of an increase in net loss for nine-month period.



### Cash flows

Cash and cash equivalents as at 30 June 2019 was Baht 900.2 million. The net increase from the beginning of the period was Baht 394.0 million. Details of activities were as follows.

	<u>Unit: thousand Baht</u>
Net cash from operating activities	452,236
Net cash used in investing activities	(57,825)
Net cash used in financing activities	<u>(405)</u>
Net increase in cash and cash equivalents	394,006
Cash and cash equivalents at beginning of period	<u>506,202</u>
Cash and cash equivalents at end of period	<u>900,208</u>

Net cash inflow from operating activities of Baht 452.2 million, an increase of Baht 300.7 million compared to the same period of prior year. This was due to a net decrease of Baht 100.4 million in net loss and an increase in non-cash items of Baht 76.3 million, including an increase from operating assets and liabilities of Baht 124.0 million.s

Net cash used in investing activities of Baht 57.8 million, a decrease of Baht 30.3 million compared to the same period of prior year. This was mainly due to a decrease in acquisition of plant and equipment.

Please be informed accordingly.

Yours sincerely,

(Lester Tan Teck Chuan)  
President