



(Translation)

H.O. 1001/186/2020

May 13, 2020

Subject: Clarification on the Operating Results and Financial Status for the three-month and six-month periods ended March 31, 2020

Attention: President
The Stock Exchange of Thailand

Sermsuk Public Company Limited and its subsidiaries clarify Consolidated Operating Result and Financial Status for the three-month and six-month periods ended March 31, 2020 as the following,

Financial Performance for the three-month period ended 31 March 2020 (Quarter 2/2019-2020)

Revenue from sales and services

Revenue from sales and services of the Company was Baht 2,978 million, increased by Baht 94 million or 3.3% from the same period of last year. The growth is mainly from the continuous growth of drinking water. Although, there is a decrease of sales in food service restaurant channel under COVID-19 pandemic, the Company has emphasized on sales expansion in traditional trade channel, including exploring and opening up new sale channels.

Cost of sales and services

Cost of sales and services of the Company was Baht 2,043 million, decreased by Baht 54 million or 2.6% from the same period of last year. The lower cost was mainly from raw material, packaging and production efficiency. Moreover, the profit improves with increasing sales mix in higher profitable channel.

Distribution costs

Distribution cost of the Company was Baht 741 million, increased by Baht 75 million or 11.3% from the same period of last year mainly from “Crystal” brand building to capture the consumer’s royalty and strengthen its sustainable leadership in the drinking water market and increased transportation expenses which was in line with sales volume increasing.



Administrative expenses

Administrative expenses of the Company was Baht 222 million, increased slightly by Baht 1 million or 0.7% due to continuous control on cost spending. Under the COVID-19 pandemic, the Company realizes the importance of liquidity management so we have implemented a more stringent control all spending.

Net profit

Net profit of the Company for Q2/2019-2020 was Baht 55 million, which reflect the Company's capabilities to turnaround from net loss Baht 20 million in the same period of last year. The net profit improvement by Baht 75 million or 375.0% were driven by achievements of the sales growth in higher profitable channel, cost reduction and improve efficiencies in administrative expenses.

The company earnings per share of Baht 0.21 per share, an increase of Baht 0.29 per share compared to net losses per share of Baht 0.08 per share in the same period of last year with aforementioned reasons.

Financial Performance for the six-month period ended 31 March 2020

Revenue from sales and services

Revenue from sales and services of the Company was Baht 5,775 million, increased by Baht 172 million or 3.1% from the same period of last year. The growth is mainly from the continuous growth of drinking water due to expansion in traditional trade channel.

Cost of sales and services

Cost of sales and services of the Company for six-month period 2020 was Baht 3,997 million, decreased by Baht 154 million or 3.7% from the same period of last year. Mainly from lower raw material and packaging cost due to the Company's cost control efficiently, savings from economy of scale and increasing of sale mix in higher profitable channel.

Distribution costs

Distribution cost of the Company for six-month period 2020 was Baht 1,361 million, increased by Baht 59 million or 4.5% from the same period of last year mainly from "Crystal" brand building, higher sales and marketing expenses and increased transportation expenses which was in line with an increase in sales.

Administrative expenses

Administrative expenses of the Company for six-month period 2020 was Baht 442 million, decreased by Baht 15 million or 3.3% from the same period of last year due to well-control spending.



Net profit

Net profit of the Company for six-month period 2020 was Baht 128 million, which reflect the Company's capabilities to turnaround from net loss Baht 121 million in the same period of last year. The significant improvement by Baht 249 million or 205.8% was driven by achievements of the sales growth in higher profitable channel, cost reduction and efficiency improvement in administrative expenses.

The company earnings per share of Baht 0.48 per share, an increase of Baht 0.93 per share compared to net losses per share of Baht 0.45 per share in the same period of last year with aforementioned reasons.

Financial Position as at March 31, 2020

Assets

Total assets as of March 31, 2020 was Baht 12,500 million, increased by Baht 100 million or 0.8% compared to total assets at the end of last year as describe below;

Current assets were Baht 2,674 million, increased by Baht 305 million or 12.9% mainly from an increase in cash and cash equivalents and trade account receivable due to better operating performance.

Non-current assets were Baht 9,862 million, decreased by Baht 205 million or 2.0% mainly from a decrease in net value of building and equipment from depreciation expense offset with purchase of machinery and equipment and partly from an increasing of investment in an associated due to profit sharing.

Liabilities

Total liabilities as of March 31, 2020 was Baht 3,708 million, an increasing of Baht 42 million or 1.1% compared to total liabilities at the end of last year as describe below;

Current liabilities were Baht 2,102 million, increased by Baht 85 million or 4.2% due to increasing in trade account payable which was in line with sales.

Non-current liabilities were Baht 1,606 million, decreased by Baht 43 million or 2.6%, from the payment of employee's retirement benefits in this quarter.

Equity

Total equity as of March 31, 2020 was Baht 8,792 million, increased by Baht 58 million or 0.7% from September 30, 2019 mainly from additional net profit of the period and reduced by dividends payment.



Cash flows

Cash and cash equivalents as at 31 March 2020 was Baht 1,087 million. The net cash increased from the beginning of the year was Baht 214 million. Cash increased mainly from operating activities Baht 346 million due to profitable operating results, dividend and interest received of Baht 39 million. Partly reduced from purchase of machinery and equipment to increase operation's efficiency Baht 105 million and dividend payment of Baht 66 million. The Company has a strong financial position because we do not have any interest bearing debt and has high liquidity from operating activity.

Please be informed accordingly.

Yours sincerely,

(Lester Tan Teck Chuan)
President