



(Translation)

H.O. 1001/239/2020

August 11, 2020

Subject: Clarification on the Operating Results and Financial Status for the three-month and nine-month periods ended June 30, 2020

Attention: President
The Stock Exchange of Thailand

Sermasuk Public Company Limited and its subsidiaries clarify Consolidated Operating Result and Financial Status for the three-month and nine-month periods ended June 30, 2020 as the following,

Financial Performance for the three-month period ended 30 June 2020 (Quarter 3/2019-2020)

Revenue from sales and services

Revenue from sales and services of the Company was Baht 2,441 million, decreased by Baht 760 million or 23.7% from the same period of last year mainly from the COVID-19 virus pandemic effect. The government's COVID-19 infection control measures resulted in a decrease in sales volume in restaurant, hotel and department store. Nevertheless, the company have expanded sales in traditional channel, wholesales, large retail shops and convenience stores as well as building new channel by selling directly to consumers, which partly help to lessen the impact. Moreover, the company was able to serve the increasing demand on drinking water with that help crystal maintaining market leadership continuously.

Cost of sales and service

Cost of sales and services of the Company was Baht 1,754 million, decreased by Baht 542 million or 23.6% from the same period of last year. The lower cost was in line with the lower sales volume and savings in raw material and packaging.

Distribution costs

Distribution cost of the Company was Baht 603 million, decreased by Baht 75 million or 11.1% from the same period of last year mainly from the effective control of marketing and promotion expense by focusing more on online marketing. Transportation expenses reduced in line with lower sales volume and control over route and fuel cost efficiently.



Administrative expenses

Administrative expenses of the Company was Baht 169 million, decreased by Baht 35 million or 17.2% due to continuous control on cost spending. Under the COVID-19 pandemic, the Company was able to manage well on spending that help Company's liquidity to remain in strong position to cope with future challenge.

Net profit

Net profit of the Company for Q3/2019-2020 was Baht 5 million, which reflect the Company's capabilities to cope with the Covid-19 challenge. The net profit improvement by Baht 43 million or 113.2% from net loss Baht 38 million in the same period of last year due to the Company's efficient cost control and effective management over distribution cost and administrative expense.

The company earnings per share of Baht 0.02 per share, an increase of Baht 0.16 per share compared to net loss per share of Baht 0.14 per share in the same period of last year with aforementioned reasons.

Financial Performance for the nine-month period ended 30 June 2020

Revenue from sales and services

Revenue from sales and services of the Company was Baht 8,217 million, decreased by Baht 586 million or 6.7% from the same period of last year. The decrease is mainly from the impact from COVID-19 pandemic in Q3/2019-2020 was partly compensated by sales growth in the first half of this fiscal year. The Company has continued to increase sales in traditional channel and continue to strengthen Crystal leadership in drinking water market.

Cost of sales and services

Cost of sales and services of the Company for nine-month period 2020 was Baht 5,751 million, decreased by Baht 696 million or 10.8% from the same period of last year. The decrease was in line with lower sale volume, reduced raw material and packaging cost due to the Company's cost control efficiently and increasing of sale mix in higher profitable channel.

Distribution costs

Distribution cost of the Company for nine-month period 2020 was Baht 1,964 million, decreased by Baht 16 million or 0.9% from the same period of last year mainly from lower transportation expenses which was in line with an decrease in sales and effective spending control.

Administrative expenses

Administrative expenses of the Company for nine-month period 2020 was Baht 610 million, decreased by Baht 50 million or 7.6% from the same period of last year due to continuous well-control spending measures.



Net profit

Net profit of the Company for nine-month period 2020 was Baht 132 million, which reflect the Company's capabilities to turnaround from net loss Baht 159 million in the same period of last year. The significant improvement by Baht 291 million or 183.0% 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 0.50 per share, an increase of Baht 1.10 per share compared to net loss per share of Baht 0.60 per share in the same period of last year with aforementioned reasons.

Financial Position as at June 30, 2020

Assets

Total assets as of June 30, 2020 was Baht 12,331 million, decreased by Baht 69 million or 0.6% compared to total assets at the end of last year as describe below;

Current assets were Baht 2,552 million, increased by Baht 183 million or 7.7% mainly from an increase in cash and cash equivalents due to better operating performance.

Non-current assets were Baht 9,779 million, decreased by Baht 252 million or 2.5% 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 June 30, 2020 was Baht 3,533 million, a decreasing of Baht 133 million or 3.6% compared to total liabilities at the end of last year as describe below;

Current liabilities were Baht 1,931 million, decreased by Baht 86 million or 4.3% due to decreasing in trade account payable due to lower purchase of raw material and packaging during COVID-19 pandemic which was in line with sales volume decreasing.

Non-current liabilities were Baht 1,602 million, decreased by Baht 47 million or 2.9%, from the payment of employee's retirement benefits.

Equity

Total equity as of June 30, 2020 was Baht 8,798 million, increased by Baht 64 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 30 June 2020 was Baht 1,045 million. The net cash increased from the beginning of the year was Baht 172 million. Cash increased mainly from operating activities Baht 322 million due to profitable operating results, dividend and interest received of Baht 74 million. Partly reduced from purchase of machinery and equipment to increase operation's efficiency Baht 158 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