



MBAX 004/2562

November 13, 2019

Subject : Clarification of the operating results which are deviated more than 20%

To : The Managing Director
The Stock Exchange of Thailand

- ❖ Multibax Public Company Limited would like to clarify the operating results which are deviated more than 20% from the same period last year, for nine months ended September 30, 2019 as follows:

1. Revenue of sales

Total revenue was accounted for 1,020.09 million Baht, decreased by 172.89 million Baht or 14.49 percent compared to the same period last year (1,192.98 million Baht).

2. Cost of sales

Total cost of sales was accounted for 920.49 million Baht, decreased by 139.85 million Baht or 13.19 percent compared to the same period last year (1,060.34 million Baht).

3. Selling and Administrative Expenses

Total selling and administrative expenses were accounted for 79.10 million Baht, increased by 4.12 million Baht or 5.49 percent compared to the same period last year (74.98 million Baht).

4. Finance costs

Finance costs was accounted for 7.97 million Baht, decreased by 0.54 million Baht or 6.35 percent compared to the same period last year (8.51 million Baht).

5. Other Income and Gain on exchange rate

Other income and Gain on exchange rate were accounted for 18.26 million Baht, increased by 1.29 million Baht or 7.60 percent compared to the same period last year (16.97 million Baht).

6. Tax expenses (Income tax)

Tax expenses was accounted for 1.47 million Baht, increased by 2.39 million Baht or 159.78 percent compared to the same period last year (income tax 0.92 million Baht).

7. Net Profit

Net profit was accounted for 29.32 million Baht, decreased by 37.73 million Baht or 56.27 percent compared to the same period last year (net profit 67.05 million Baht).

Reasons for the decrease of net profit for nine months ended September 30, 2019 were:

1. Revenue of sales decreased by 172.89 million Baht or 14.49 percent, mainly from the lower sales quantity. This is the result noticed from the second quarter onwards. The first reason was partly from the slow global economic conditions which having an impact to the export quantity. The second reason was the tensed competition for food bag from other manufacturers, as such, lower orders were seen. The situation is getting worse by the continuously appreciation of Thai baht against US dollar when compared to the same period of the year 2018, thus, the revenue from sales decreased substantially. However, the company has discussed with some new customers and developing the new products activity is on the way, expected to be realized the 4th quarter of this year.

2. Cost of sales decreased by 139.85 million Baht or 13.19 percent, the main factor from the lower sales quantity. However, the company still focused to control the production cost and other expenses as well as those of variable costs. Therefore, the company have seen the reduction of production cost in all products produced. Anyway, the portion of sales decreased mainly from the revenue of food bags which provide the better gross margin, as such, the gross profit for this year had been recorded at 99.60 million Baht, decreased by 33.04 million baht or 24.91 percent.

3. Total selling and administrative expenses were increased by 4.12 million Baht or 5.49 percent, mainly from the increasing of the administrative expenses from the provisions for employee benefit, stipulated in the recent regulation effective from 5 May 2019 onwards. Anyway, the selling expenses were decreased from the lower selling and export expenses, tallying with the lower sales quantity.

4. Finance costs decreased by 0.54 million Baht or 6.35 percent, from the conservative management policy of the short-term loans.

5. Other income and gain on exchange rate were increased by 1.29 million Baht or 7.60 percent, mainly from the increase of the gain on exchange rate from hedging activity.

6. In 2019, the tax expenses and income tax were accounted for 1.47 million Baht where it was 0.92 million Baht in 2018, as such, the company noticed the increasing of 2.39 million Baht or 259.78 percent.

7. In summary, the revenue of sales decreased from lower sales quantity and the strengthening of Thai Baht. As a result, the gross profit was decreased by 33.04 million Baht or 24.91 percent. Worsening up by the increasing of the administrative expenses from the provision of employee benefit and increasing the tax expenses, then, added up by the other income and gain on exchange rate, so, the overall net profit of 29.32 million Baht were recorded for nine month ended September 30, 2019. This net profit was decreased by 37.73 million Baht or 56.27 percent when compared to the 67.05 million baht for same period of 2018. The 3rd quarter performance, in particular, was the worst period this year from all the reasons explained above.

For your acknowledgement.

Yours Sincerely,

Signature_____

(Mr. Pisuth Lertvilai)
Deputy Managing Director