



บริษัท ที เอส ฟลาวมิลล์ จำกัด (มหาชน)
T S FLOUR MILL PUBLIC COMPANY LIMITED

“เรา คือ ผู้ผลิตแป้งสาลีชั้นนำ โดยมุ่งเน้นการพัฒนาสู่ความเป็นเลิศ ทั้งในด้านพาณิชย์และคุณภาพผลิตภัณฑ์อย่างต่อเนื่อง”

August 14, 2020

Subject: Clarification on the cause of changes in operating results.

To: Director and Manager
The Stock Exchange of Thailand

According to T S Flour Mill Public Company Limited ("the Company"), the financial statements for Q2/2020 Ended on June 30, 2020. The company's financial statement showed net profit of 23.82 million baht. Compared to Q2/2019, net profit increased by 1.71 million baht or 7.7%. The Company would like to clarify as follows :

Unit : Thousand Baht

Description	Q2/2020		Q2/2019		Q2/2020 compare with Q2/2019	
	Amount	%	Amount	%	More (Less) Amount	%
Average Capacity Utilization		71.06%		69.90%		1.16%
Revenue from sales	340,764	100.0%	355,059	100.0%	(14,295)	(4.0%)
Cost of sales	(279,155)	(81.9%)	(300,548)	(84.6%)	(21,393)	(7.1%)
Gross Profit	61,609	18.1%	54,511	15.4%	7,098	13.0%
Gain from Exchange Rate	2,455	0.7%	3,619	1.0%	(1,164)	(32.2%)
Gain on Derivatives	(6,916)	(2.0%)	-	0.0%	(6,916)	#DIV/0!
Other income	1,040	0.3%	228	0.1%	812	356.1%
Selling expenses	(7,287)	(2.1%)	(7,869)	(2.2%)	(582)	(7.4%)
Administrative expenses	(18,483)	(5.4%)	(20,617)	(5.8%)	(2,134)	(10.4%)
Finance cost	(2,549)	(0.7%)	(1,944)	(0.5%)	605	31.1%
Profit before income tax	29,869	8.8%	27,928	7.9%	1,941	7.0%
Income tax expenses	(6,051)	(1.8%)	(5,818)	(1.6%)	233	4.0%
Profit for the period	23,818	7.0%	22,110	6.2%	1,708	7.7%
Basic earnings per share	0.06	Baht	0.06	Baht	-	0.0%

The company's sales revenue in the 2nd quarter of 2020 decreased by 4.0% compared to the same period last year with a 3.0% decrease in sales of wheat flour and a 1.0% decrease in wheat bran sales. Although sales volume of wheat flour and wheat bran increased by 3.2% and 1.1% but the average selling price of wheat flour and wheat bran decreased by 6.6% and 8.2%. Because in the past the market has increased the price competition. In addition, customers negotiate the price by referring to the decrease in world wheat market prices and the appreciation of the baht in the previous year. Resulting in a reduction in the selling price of wheat flour.



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Other income in the 2nd quarter of 2020 has increased the profit(loss) from the derivative contract. Which is the recognition of profit(loss) from hedging contracts. The said transaction will be released in the quarter that the contract is already used.

Cost of sales in the 2nd quarter of 2020 decreased by 2.7% and gross profit increased 2.7% compared to the same period last year. This is a result of the cost of wheat used in Q2'2020 cheaper than in Q2'2019 due to wheat prices that have been purchased since the middle of the year together with the strengthening baht at the end of last year.

The average capacity utilization rate in the 2nd quarter of 2020 was 71.06%, an increase of 1.16% compared to the same period last year. Shows that in the 2nd quarter of the year have only small affected by the COVID-19 epidemic crisis.

Selling and administrative expenses in the 2nd quarter 2020 decreased by 2.72 million baht from the same period last year. Due to the reduced shipping cost due to the oil price, Long-term lease payments which have been adjusted to some financial costs and adjusting the employee benefit estimate.

And from the financial statements for the six months ended June 30, 2020. The company's financial statement showed net profit of 67.25 million baht. Compared to the same period of last year, net profit increased by 20.44 million baht or 43.7%. The Company would like to clarify as follows :

Unit : Thousand Baht

Description	6 months/2020		6 months/2019		6m/2020 compare with 6m/2019	
	Amount	%	Amount	%	More (Less) Amount	%
Average Capacity Utilization		<u>73.76%</u>		<u>72.66%</u>		<u>1.10%</u>
Revenue from sales	712,057	100.0%	735,971	100.0%	(23,914)	(3.2%)
Cost of sales	(571,875)	(80.3%)	(619,783)	(84.2%)	(47,908)	(7.7%)
Gross Profit	140,182	19.7%	116,188	15.8%	23,994	20.7%
Gain from Exchange Rate	2,758	0.4%	5,140	0.7%	(2,382)	(46.3%)
Gain on Derivatives	(5,208)	(0.7%)	-	0.0%	(5,208)	#DIV/0!
Other income	2,736	0.4%	429	0.1%	2,307	537.8%
Selling expenses	(14,899)	(2.1%)	(16,166)	(2.2%)	(1,267)	(7.8%)
Administrative expenses	(36,092)	(5.1%)	(42,487)	(5.8%)	(6,395)	(15.1%)
Finance cost	(5,269)	(0.7%)	(4,291)	(0.6%)	978	22.8%
Profit before income tax	84,208	11.8%	58,813	8.0%	25,395	43.2%
Income tax expenses	(16,960)	(2.4%)	(12,004)	(1.6%)	4,956	41.3%
Profit for the period	67,248	9.4%	46,809	6.4%	20,439	43.7%
Basic earnings per share	0.17 Baht		0.12 Baht		0.05	41.7%



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The company's sales revenue in the first six months of 2020 decreased by 3.2% compared to the same period last year with a 2.0% decrease in sales of wheat flour and a 1.2% decrease in wheat bran sales. Although sales volume of wheat flour and wheat bran increased by 2.7% and 6.0% but the average selling price of wheat flour and wheat bran decreased by 5.0% and 13.7%. Because in the past the market has increased the price competition. In addition, customers negotiate the price by referring to the decrease in world wheat market prices and the appreciation of the baht in the previous year. Resulting in a reduction in the selling price of wheat flour.

Other income in the first six months of 2020 has increased the profit(loss) from the derivative contract. Which is the recognition of profit(loss) from hedging contracts. The said transaction will be released in the quarter that the contract is already used.

Cost of sales in the first six months of 2020 decreased by 3.9% and gross profit increased 3.9% compared to the same period last year. This is a result of the cost of wheat used in 2020 cheaper than in 2019 due to wheat prices that have been purchased since the middle of the year together with the strengthening baht at the end of last year.

The average capacity utilization rate in the first six months of 2020 was 73.76%, an increase of 1.10% compared to the same period last year. Shows that company have only small affected by the COVID-19 epidemic crisis.

Selling and administrative expenses in the first six months of 2020 decreased by 7.66 million baht from the same period last year. Due to the reduced shipping cost due to the oil price, Long-term lease payments which have been adjusted to some financial costs and adjusting the employee benefit estimate.

Please be informed accordingly.

Yours sincerely,

Wawta Kullachotthada

(Ms. Wawta Kullachotthada)

Deputy Finance & Accounting Director / Company Secretary