

(Translation)

SGP/SET-163

August 7, 2018

Subject Explanation of the change in operating results for the 2<sup>nd</sup> quarter and six-month period ended June 30, 2018 over 20% compared with the same period of the previous year

To President  
The Stock Exchange of Thailand

Siamgas and Petrochemicals Public Company Limited would like to explain the change in operating results for the 2<sup>nd</sup> quarter and six-month period ended June 30, 2018 compared with the same period of the previous year as follows:-

**For the three-month in Q2/2018 compared with the same period of the previous year**

Siamgas and Petrochemicals Public Company Limited and its subsidiaries had the operating results in Q2/2018 with the net Profit attributable to owners of the parent company of Baht 765.71 million compared with the same period in Q2/2017, the net loss attributable to owners of the parent company of Baht 66.07 million which increased by Baht 831.78 million or 1,258.94% with main reasons as follows:

**1. Revenue from sales, transportation, services**

In Q2/2018, the Company and its subsidiaries had revenue from sales, transportation and services of Baht 15,982.10 million compared with the same period in Q2/2017 of Baht 13,372.33 million which increased by Baht 2,609.77 or 19.52% million. These mainly resulted from LPG trading business in oversea had an increasing volume sales and the LPG world price (CP Saudi Aramco) which was higher than the same period as the previous year. The average LPG world price for 3 months as at Q2/2018 and Q2/2017 was USD 512 per metric ton and USD 412 per metric ton respectively.

**2. Cost of Sales & Services, Cost of Transportation and Gross Profit**

During the period of Q2/2018, the average of LPG world price (CP Saudi Aramco) increased from last year which had significant impact to cost of the overseas LPG trading business, compared with the same period last year. However, the selling price increased at a higher rate than the cost of sales. Thus, these mainly resulted in the Group of companies overall gross profit of Baht 1,054.60 million or 6.60% in Q2/2018. The gross profit

increased by Baht 763.69 million or 262.52% compared with the same period of the previous year. The Group of companies had overall gross profit of Baht 290.91 million or 2.18% in Q2/2017.

### 3. Selling and administrative expenses

In Q2/2018, the Group of companies had selling and administrative expenses amounting to Baht 341.70 million, compared to Q2/2017 amounting to Baht 339.32 million which increased by Baht 2.38 million or 0.70%.

### 4. Financial Costs

In Q2/2018, the Group of companies had financial costs of Baht 109.68 million compared to Q2/2017 which was Baht 102.73 million, increased by Baht 6.95 million or 6.77% as mainly resulted from the short-term borrowings from financial institution for working capital in LPG business.

### For the six-month in Q2/2018 compared with the same period of the previous year

The Company and its subsidiaries had the operating results for the six-month period in Q2/2018 with the net profit attributable to Owners of the parent company of Baht 866.48 million compared with the same period in Q2/2017, the net Profit attributable to Owners of the parent company of Baht 1,077.12 million which decreased by Baht 210.64 million or 19.56% with the major reasons as follows:

#### 1. Revenue from sales, transportation, services

The Company and its subsidiaries had revenue from sales, transportation and services for the six-month period in Q2/2018 of Baht 31,575.89 million compared with six-month period in Q2/2017 of Baht 27,713.34 million which increased by Baht 3,862.55 million or 13.94%. These mainly resulted from LPG trading business in overseas increased in volume sales and the average LPG world price (CP Saudi Aramco) which was higher than the same period of the previous year. The average LPG world price for 6 months as at Q2/2018 and Q2/2017 were of USD 517 per metric ton and USD 466 per metric ton respectively.

#### 2. Cost of Sales & Services, Cost of Transportation and Gross Profit

The Company and its subsidiaries generated overall gross profit for the six-month ended 30 June, 2018 of Baht 1,523.44 million or 4.82% compared with the same period in Q2/2017 with gross profit of Baht 1,934.09 million or 6.98%. The gross profit decreased by Baht 410.65 million or 21.23% compared with the same period in Q2/2017. Main reason from the gross profit in Q1'18 had lower profit more than the last year which effected to the gross profit for the six-months period in Q2/2018, it decreased from the same period of last year as table below;

Unit: Million Baht			
Gross profit	Y 2018	Y 2017	(Decreased)Increased
Q1	468.84	1,643.18	(1,174.34)
Q2	1,054.60	290.91	763.69
Total	1,523.44	1,934.09	(410.65)

### **3. Selling and administrative expenses**

In Q2/2018, the Group of companies had selling and administrative expenses amounting to Baht 680.03 million, compared to Q2/2017 amounting to Baht 667.52 million which increased by Baht 12.51 million or 1.87%.

### **4. Financial Costs**

For the six-month ended June 30, 2018, the Group of companies had financial costs of Baht 216.71 million compared with the same period of previous year which was Baht 215.44 million, increased by Baht 1.27 million as mainly resulted from the short-term borrowings from financial institution for working capital in LPG business.

Please be informed accordingly,

Sincerely yours,

(Mrs. Jintana Kingkaew)

Deputy Managing Director