

(Translation)

SGP/SET\_168

February 21, 2019

Subject The Explanation of the change in operating results for the year ended December 31, 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 clarify the change in operating results for the year ended December 31, 2018 compared with the same period of the previous year as follows:

The Company and its subsidiaries reported the operating results for the year ended December 31, 2018 with the net profit attributable to Owners of the parent company of Baht 871.18 Million which decreased by Baht 1,939.92 Million or 69.01%, compared with the year 2017 which was the net profit attributable to Owners of the parent company of Baht 2,811.10 Million with the major changes during the year 2018 as follows:

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

The Company and its subsidiaries reported revenue from sales, revenue from transportation and revenue from services for the year 2018 of Baht 68,522.48 Million which increased by Baht 9,370.22 Million or 15.84%, compared with the year 2017 amounting to Baht 59,152.26 Million which resulted from increased in revenue of LPG trading business in overseas. These mainly resulted from increased in sales volume and the LPG world price (CP Saudi Aramco) which was higher than the previous year. The average LPG world price for the year 2018 and 2017 was USD 541 per metric tons and USD 485 per metric tons respectively.

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

The Company and its subsidiaries had cost of sales, services and transportations for the year 2018 of Baht 66,262.05 Million which increased by Baht 12,056.50 Million or 22.24% compared with the year 2017 of Baht 54,205.55 Million.

The Company and its subsidiaries had generated overall gross profit for the year 2018 of Baht 2,260.43 Million or equal to gross margin of 3.30% compared with the year 2017 amounting to Baht 4,946.71 Million or equal to gross margin of 8.36%. The gross profit decreased by Baht 2,686.28 Million or 54.30% by compared with the previous year. Main reason was from the cost of goods sold higher than the previous year.

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

During the year 2018, the Group of Companies had selling and administrative expenses amounting to Baht 1,505.19 Million, compared with the year 2017 of Baht 1,424.69 Million which increased by Baht 80.49 Million or 5.65% by compared with the previous year. Main reason was from increased in the impairment charges on equipment of a subsidiary which has ceased the operation in the past amounting to Baht 65 Million.

### **4. Financial Costs**

During the year 2018, the Group of Companies had financial costs of Baht 492.86 Million, compared with the year 2017, amounting to Baht 461.14 Million which increased by Baht 31.72 Million or 6.88%. Main reasons were from the short-term borrowings and long term loan from financial institutions for working capital in LPG business.

Please be informed accordingly,

Sincerely yours,

(Mrs. Jintana Kingkaew)

Deputy Managing Director