

(Translation)

SGP/SET-179

November 8, 2019

Subject Explanation of the change in operating results for the 3rd quarter and nine-month period ended September 30, 2019 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 3rd quarter and nine-month period ended September 30, 2019 compared with the same period of the previous year as follows:-

For the three-month in Q3/2019 compared with the same period of the previous year

Siamgas and Petrochemicals Public Company Limited and its subsidiaries had the operating results in Q3/2019 with the net loss attributable to owners of the parent company of Baht 212.22 million compared with the same period in Q3/2018, the net profit attributable to owners of the parent company of Baht 738.34 million which decreased by Baht 950.56 million or 128.74% with main reasons as follows:

1. Revenue from sales, transportation, services

In Q3/2019, the Company and its subsidiaries had revenue from sales, transportation and services of Baht 15,203.59 million compared with the same period in Q3/2018 of Baht 19,192.92 million which decreased by Baht 3,989.33 million or 20.79%. These mainly resulted from the average LPG world price (CP Saudi Aramco) was lower than the same period as the previous year. The average LPG world price for 3 months as at Q3/2019 and Q3/2018 was USD 362 per metric ton and USD 589 per metric ton respectively.

2. Gross Profit

During the period of Q3/2019, the average of LPG world price (CP Saudi Aramco) had decreased by compared with the same period last year which had increased. These mainly resulted in a higher cost of sales and effected to the gross profit decreased by Baht 881.76 million or 71.84% compared with the same period of the previous year. The Group of companies overall gross profit as Q3/2019 and Q3/2018 were of Baht 345.69 million or 2.27% and Baht 1,227.45 million or 6.40% respectively.

3. Selling and administrative expenses

In Q3/2019, the Group of companies had selling and administrative expenses amounting to Baht 340.68 million, compared to Q3/2018 amounting to Baht 340.84 million which increased by Baht 0.16 million or 0.05%.

4. Financial Costs

In Q3/2019, the Group of companies had financial costs of Baht 147.77 million compared to Q3/2018 which was Baht 127.87 million, increased by Baht 19.90 million or 15.56% as mainly resulted from increase in the interest rate of loans from financial institutions and bonds for working capital in Group business.

For the nine-month in Q3/2019 compared with the same period of the previous year

The Company and its subsidiaries had the operating results for the nine-month period in Q3/2019 with the net profit attributable to Owners of the parent company of Baht 221.13 million compared with the same period in Q3/2018, the net Profit attributable to Owners of the parent company of Baht 1,604.82 million which decreased by Baht 1,383.69 million or 86.22% 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 nine-month period in Q3/2019 of Baht 49,540.75 million compared with nine-month period in Q3/2018 of Baht 50,768.82 million which decreased by Baht 1,228.07 million or 2.42%. These mainly resulted from the average LPG world price (CP Saudi Aramco) was lower than the same period as the previous year. The average LPG world price for nine-months as at Q3/2019 and Q3/2018 were of USD 438 per metric ton and USD 541 per metric ton respectively.

2. Gross Profit

The Company and its subsidiaries generated overall gross profit for the nine-month ended 30 September, 2019 of Baht 1,656.33 million or 3.34% compared with the same period in Q3/2018 with gross profit of Baht 2,750.89 million or 5.42%. The gross profit decreased by Baht 1,094.56 million or 39.79% compared with the same period in Q3/2018. Main reason from the decreasing of LPG world price (CP Saudi Aramco) decreased from Q2/2019. Then, it effected to the cost of sales and the gross profit for the nine-months in Q3/2019, as table below;

Unit: Million Baht			
Gross profit	Y 2019	Y 2018	(Decreased)Increased
Q1	1,007.11	468.84	538.27
Q2	303.53	1,054.60	(751.07)
Q3	345.69	1,227.45	(881.76)
Total	1,656.33	2,750.89	(1,094.56)

3. Selling and administrative expenses

In Q3/2019, the Group of companies had selling and administrative expenses amounting to Baht 1,096.81 million, compared to Q3/2018 amounting to Baht 1,020.88 million which increased by Baht 75.93 million or 7.44%. These mainly resulted from the retirement benefit obligation which has increased amount Baht 27.40 million by the changing of the labor Protection Act and the loss on sales of vessels Baht 36.83 million.

4. Financial Costs

For the nine-month ended September 30, 2019, the Group of companies had financial costs of Baht 429.01 million compared with the same period of previous year which was Baht 344.58 million, increased by Baht 84.43 million as mainly resulted from increase in the interest rate of loans from financial institutions and bonds for working capital in Group business.

Please be informed accordingly,

Sincerely yours,

(Mrs. Jintana Kingkaew)

Deputy Managing Director