

(Translation)

SGP/SET\_121

February 24, 2016

Subject      Explanation of the change in operating results for the year ended December 31, 2015 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, 2015 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, 2015 with the net profit attributable to Owners of the parent company of Baht 1,115.92 Million which increased by Baht 1,630.22 Million or 316.98%, compared with the year 2014 which was the net loss attributable to Owners of the parent company of Baht 514.30 Million with the major changes during the year 2015 as follows:

**1. Revenue from sales, Revenue from transportation, Revenue from services and other income**

The Company and its subsidiaries reported revenue from sales, revenue from transportation and revenue from services for the year 2015 of Baht 58,082.01 Million which decreased by Baht 3,676.81 Million or 5.95%, compared with the year 2014 amounting to Baht 61,758.82 Million. The main reason was from the LPG world prices (CP Saudi Aramco) declined since year 2014. So, these were significant impact to revenue of overseas LPG trading business.

Also, the Company and its subsidiaries reported the other income for the year 2015 of Baht 252.05 Million which decreased by Baht 146.18 Million or 36.71%, compared with the year 2014 amounting to Baht 398.23 Million which mainly resulted from gain on exchange rate from overseas LPG trading business, it represented as gain on exchange rate amounting to Baht 31.89 Million while on year 2015, it represented as loss on exchange rate amounting to Baht 173.53 Million. In addition, the gain on sales of fixed assets of Group companies has decreased amounting Baht 59.25 Million compare with the year 2014.

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

In year 2014, the LPG world prices (CP Saudi Aramco) declined due to significant impact to cost of goods sold of overseas LPG trading business. However, the decreasing rate of LPG price in 2015 was lower than the previous year. Therefore, these resulted in the group of companies overall gross profit margin for the year 2015 to be 5.23% and the year 2014 to be 1.35%.

As a result, the Company and its subsidiaries generated overall gross profit for the year 2015 of Baht 3,036.56 Million which increased by Baht 2,202.19 Million or 263.93%, compared with the year 2014 amounting to Baht 834.37 Million.

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

During the year 2015, the Group of Companies had selling and administrative expenses amounting Baht 1,503.17 Million, compared with the year 2014 of Baht 1,223.97 Million which increased by Baht 279.20 Million or 22.81% by compare with previous year. These were the result from incremental loss on exchange rate of the Group of Companies amounting Baht 173.53 Million. In addition, the selling expenses increased from sales amounting Baht 26.18 Million.

## **5. Financial Costs**

During the year 2015, the Group of Companies had financial costs of Baht 410.47 Million, compared with the year 2014, amounting to Baht 440.68 Million which decreased by Baht 30.21 Million or 6.86%. These decrease resulted from large amount of short and long term loan repayment to financial institutions during the year. In addition, the loan interest rate was lower than the previous year.

Please be informed accordingly,

Sincerely yours,

(Mrs. Jintana Kingkaew)

Deputy Managing Director