

(Translation)

SGP/SET-191

May 14, 2020

Subject Explanation of the change in operating results for the first quarter ended March 31, 2020 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 first quarter ended March 31, 2020 compared with the same period of the previous year as follows:-

The Company and its subsidiaries had the operating results for Q1/2020 with the net Profit attributable to Owners of the parent company of Baht 475.20 Million which decreased by Baht 84.84 Million or 15.15% compared with Q1/2019 which had the net Profit attributable to Owners of the parent company of Baht 560.04 Million with the main reasons as follows:

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

The Group of companies had revenue from sales, transportation and services for Q1/2020 of Baht 16,507.05 Million which decreased by Baht 1,141.64 Million or 6.47% compared with Q1/2019 amounting to Baht 17,648.69 Million. Main result was from decrease in sales volume of the oversea LPG trading business, although the average LPG world price was higher than the same period as the previous year. The average LPG world price for 3 months as at Q1/2020 and Q1/2019 was USD 519 per metric ton and USD 462 per metric ton respectively.

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

During the period of Q1/2020, the Company and its subsidiaries had cost of sales, services and transportations of Baht 15,739.49 Million which decreased by Baht 902.09 Million or 5.42% compared with Q1/2019 of Baht 16,641.58 Million.

The Company and its subsidiaries had generated overall gross profit for Q1/2020 of Baht 767.56 Million or equal to gross margin of 4.65% compared with Q1/2019 amounting to Baht 1,007.11 Million or equal to gross margin of 5.71%. The gross profit decreased by Baht 239.55 Million or 23.79%. Main reason was from sales volume as above mention.

3. Selling and administrative expenses

In Q1/2020, the Group of companies had selling and administrative expenses amounting to Baht 356.15 Million, compared with Q1/2019 amounting to Baht 353.77 Million which increased by Baht 2.38 Million or 0.67%.

4. Financial Costs

In Q1/2020, the Group of companies had the financial costs of Baht 156.47 Million, compared with Q1/2019 amounting to Baht 142.49 Million which increased by Baht 13.98 Million or 9.81%. Main reason was from issuing bond during the quarter for investing in share of Siam Tank Terminal (Formerly as “Thai Public Port Company Limited”) and repayment loan.

5. Loss from derivatives

In Q1/2020, the Group of companies has recognized the unrealized loss on derivatives amounting to Baht 74.76 Million from the cross currency swap and interest rate swap contract. The reason is due to the new financial reporting standard (TFRS 9 Financial instruments) which has adopted since Jan 2020. Therefore, the Group has to recognize expenditure higher than the same period of the previous year.

Please be informed accordingly,

Sincerely yours,

(Mrs. Jintana Kingkaew)

Deputy Managing Director