

(Translation)

SGP/SET-199

August 11, 2020

Subject Explanation of the change in operating results for the 2nd quarter and six-month period ended June 30, 2020 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 2nd quarter and six-month period ended June 30, 2020 compared with the same period of the previous year as follows:

For the three-month in Q2/2020 compared with the same period of the previous year

Siamgas and Petrochemicals Public Company Limited and its subsidiaries had the operating results in Q2/2020 with the net Profit attributable to owners of the parent company of Baht 12.22 million compared with the same period in Q2/2019, the net loss attributable to owners of the parent company of Baht 126.68 million which increased by Baht 138.90 million or 109.65% with major reasons as follows:

1. Revenue from sales, transportation, services

In Q2/2020, the Company and its subsidiaries had revenue from sales, transportation and services of Baht 11,137.64 million compared with the same period in Q2/2019 of Baht 16,688.47 million which decreased by Baht 5,550.83 million or 33.26%. These mainly resulted from decreasing in sales volume and the 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 Q2/2020 and Q2/2019 was USD 305 per metric ton and USD 492 per metric ton respectively.

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

During the period of Q2/2020, the Company and its subsidiaries had cost of sales, services and transportations of Baht 10,806.68 Million which decreased by Baht 5,578.26 Million or 34.05% compared with Q2/2019 of Baht 16,384.94 Million. These mainly resulted from decreasing in sales volume and the LPG world price compared with the same period as the previous year.

The Company and its subsidiaries had generated overall gross profit for Q2/2020 of Baht 330.96 Million or equal to gross margin of 2.97% compared with Q2/2019 amounting to Baht 303.53 Million or equal to gross margin of 1.82%. The gross profit increased by Baht 27.43 Million or 9.04%. Main reason was from the LPG price in Q2/2020 was increased while the LPG was decreased in Q2/2019.

3. Selling and administrative expenses

In Q2/2020, the Group of companies had selling and administrative expenses amounting to Baht 295.26 million, compared to Q2/2019 amounting to Baht 402.35 million which decreased by Baht 107.09 million or 26.62%. These mainly resulted from in Q2/2019, the Groups has increased the retirement benefit amount Baht 27.40 million by the changing of the labor Protection Act and the impairment of value on equipment Baht 39.77 million.

4. Financial Costs

In Q2/2020, the Group of companies had financial costs of Baht 152.17 million compared to Q2/2019 which was Baht 138.74 million, increased by Baht 13.43 million or 9.68%. Main reason was from issuing bond in Q1/2020 for investing in share of Siam Tank Terminal (Formerly as “Thai Public Port Company Limited”) and repayment loan.

For the six-month in Q2/2020 compared with the same period of the previous year

The Company and its subsidiaries had the operating results for the six-month period in Q2/2020 with the net profit attributable to Owners of the parent company of Baht 487.42 million compared with the same period in Q2/2019, the net Profit attributable to Owners of the parent company of Baht 433.35 million which increased by Baht 54.07 million or 12.48% 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 Q2/2020 of Baht 27,644.69 million compared with six-month period in Q2/2019 of Baht 34,337.16 million which decreased by Baht 6,692.47 million or 19.49%. These mainly resulted from decreasing in sales volume and the LPG world price (CP Saudi Aramco) was lower than the same period as the previous year. The average LPG world price for 6 months as at Q2/2020 and Q2/2019 were of USD 412 per metric ton and USD 477 per metric ton respectively.

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

During the period of Q2/2020 for the six-month, the Company and its subsidiaries had cost of sales, services and transportations of Baht 26,546.16 Million which decreased by Baht 6,480.36 Million or 19.62% compared with Q2/2019 of Baht 33,026.52 Million. The average of LPG world price (CP Saudi Aramco) had decreased since

Q1/2020 then the average LPG price was lower than the same period of the previous year, as above mention in Revenue part.

The Company and its subsidiaries had generated overall gross profit for Q2/2020 of Baht 1,098.53 Million or equal to gross margin of 3.97% compared with Q2/2019 amounting to Baht 1,310.64 Million or equal to gross margin of 3.82%. The gross profit decreased by Baht 212.11 Million or 16.18%. Main reason was from the LPG price in Q1/2020 decreased while the LPG price increased in Q1/2019. Despite the LPG price increased in Q2/2020, the gross profit for the six-month was lower compare to the same period of the previous year as table below;

Unit: Million Baht			
Gross profit	Y 2020	Y 2019	(Decreased)Increased
Q1	767.57	1,007.11	(239.54)
Q2	330.96	303.53	27.43
Total	1,098.53	1,310.64	(212.11)

3. Selling and administrative expenses

In Q2/2020, the Group of companies had selling and administrative expenses amounting to Baht 651.42 million, compared to Q2/2019 amounting to Baht 756.12 million which decreased by Baht 104.70 million or 13.85%. These mainly resulted from in Q2/2019, the Groups has increased the retirement benefit obligation amount Baht 27.40 million by the changing of the labor Protection Act and the impairment of value on equipment Baht 39.77 million.

4. Financial Costs

For the six-month ended June 30, 2020, the Group of companies had financial costs of Baht 308.64 million compared with the same period of previous year which was Baht 281.23 million, increased by Baht 27.41 million or 9.75%. Main reason was from issuing bond in Q1/2020 for investing in share of Siam Tank Terminal (Formerly as “Thai Public Port Company Limited”) and repayment loan.

Please be informed accordingly,

Sincerely yours,

(Mrs. Jintana Kingkaew)
Deputy Managing Director