

(Translation)

SGP/SET-202

November 11, 2020

Subject Explanation of the change in operating results for the 3rd quarter and nine-month period ended September 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 3rd quarter and nine-month period ended September 30, 2020 compared with the same period of the previous year as follows:

For the three-month in Q3/2020 compared with the same period of the previous year

Siamgas and Petrochemicals Public Company Limited and its subsidiaries had the operating results in Q3/2020 with the net Profit attributable to owners of the parent company of Baht 557.79 million compared with the same period in Q3/2019, the net loss attributable to owners of the parent company of Baht 212.22 million which increased by Baht 770.01 million or 362.84% with main reasons as follows:

1. Revenue from sales, transportation, services

In Q3/2020, the Company and its subsidiaries had revenue from sales, transportation and services of Baht 12,668.79 million compared with the same period in Q3/2019 of Baht 15,203.59 million which decreased by Baht 2,534.80 million or 16.67%. 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 Q3/2020 and Q3/2019 was USD 355 per metric ton and USD 362 per metric ton respectively.

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

During the period of Q3/2020, the Company and its subsidiaries had cost of sales, services and transportations of Baht 11,726.88 million compared with Q3/2019 of Baht 14,857.90 million, decreased by Baht 3,131.02 million or 21.07%. 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 Company and its subsidiaries had generated overall gross profit for Q3/2020 of Baht 941.91 million or equal to gross margin of 7.43% compared with Q3/2019 amounting to Baht 345.69 million or equal to gross margin of 2.27%. The gross profit increased by Baht 596.22 million or 172.47%. Main resulted from the LPG price was increased during the period of Q3/2020 while the LPG was decreased in Q3/2019.

3. Other income

In Q3/2020, the Group of companies had the other income amounting to Baht 186.71 million, compared to Q3/2019 amounting to Baht 69.81 million which increased by Baht 116.90 million or 167.45%. Mainly resulted from the Groups have the gain on disposal of assets amount Baht 37.63 million and gain on exchange rate amount Baht 57.09 million.

4. Selling and administrative expenses

In Q3/2020, the Group of companies had selling and administrative expenses amounting to Baht 370.20 million, compared to Q3/2019 amounting to Baht 340.68 million which increased by Baht 29.52 million or 8.67%. Mainly resulted from in Q3/2019, the Groups has the reverse impairment of value on equipment Baht 39.77 million.

5. Financial Costs

In Q3/2020, the Group of companies had financial costs of Baht 158.67 million compared to Q3/2019 which was amount Baht 147.77 million, increased by Baht 10.90 million or 7.38%. Main reason was from issuing bond in Q1/2020 for investing in share of Siam Tank Terminal Company limited (Formerly as “Thai Public Port Company Limited”).

For the nine-month in Q3/2020 compared with the same period of the previous year

The Company and its subsidiaries had the operating results for the nine-month period in Q3/2020 with the net profit attributable to Owners of the parent company of Baht 1,045.21 million compared with the same period in Q3/2019, the net Profit attributable to Owners of the parent company of Baht 221.13 million which increased by Baht 824.08 million or 372.67% 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 Q3/2020 of Baht 40,313.48 million compared with nine-month period in Q3/2019 of Baht 49,540.75 million which decreased by Baht 9,227.27 million or 18.63%. 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 the nine-month as at Q3/2020 and Q3/2019 were of USD 393 per metric ton and USD 438 per metric ton respectively.

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

During the period of Q3/2020 for the nine-month, the Company and its subsidiaries had cost of sales, services and transportations of Baht 38,273.04 million compared with Q3/2019 of Baht 47,884.42 million, decreased by Baht 9,611.38 million or 20.07%. 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 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 Q3/2020 (nine-month) of Baht 2,040.44 million or equal to gross margin of 5.06% compared with Q3/2019 (nine-month) amounting to Baht 1,656.33 million or equal to gross margin of 3.34%. The gross profit increased by Baht 384.11 million or 23.19%. Main resulted from the LPG price increased during the period 3 months of Q3/2020, then the gross profit for the nine-month was higher than the same period of the previous year as table below;

Gross profit	Unit: Million Baht		
	Y 2020	Y 2019	(Decreased)Increased
Q1	767.57	1,007.11	(239.54)
Q2	330.96	303.53	27.43
Q3	941.91	345.69	596.22
Total	2,040.44	1,656.33	384.11

3. Other income

During the period of Q3/2020 for the nine-month, the Group of companies had the other income amounting to Baht 493.51 million, compared to Q3/2019 amounting to Baht 229.70 million which increased by Baht 263.81 million or 114.85%. Mainly resulted from the Groups have the gain on disposal of assets Baht 135.21 million and gain on exchange rate amount Baht 137.44 million.

4. Selling and administrative expenses

During the period of Q3/2020 for the nine-month, the Group of companies had selling and administrative expenses amounting to Baht 1,021.63 million, compared to Q3/2019 amounting to Baht 1,096.81 million which decreased by Baht 75.18 million or 6.85%. These mainly resulted in Q3/2019, the Groups has increased the loss on disposal of assets amount Baht 36.83 million.

5. Financial Costs

During the period of Q3/2020 for the nine-month, the Group of companies had financial costs of Baht 467.31 million compared with the same period of previous year which was amount Baht 429.01 million, increased by Baht 38.30 million or 8.93%. Main reason was from issuing bond in Q1/2020 for investing in share of Siam Tank Terminal Company limited (Formerly as “Thai Public Port Company Limited”).

Please be informed accordingly,

Sincerely yours,

(Mrs. Jintana Kingkaew)
Deputy Managing Director