

(Translation)

SGP/SET-129

August 10, 2016

Subject Explanation of the change in operating results for the 2<sup>nd</sup> quarter and six-month period ended June 30, 2016 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 2<sup>nd</sup> quarter and six-month period ended June 30, 2016 compared with the same period of the previous year as follows:-

**For the three-month in Q2/2016 compared with the same period of the previous year**

Siamgas and Petrochemicals Public Company Limited and its subsidiaries had the operating results in Q2/2016 with the net profit attributable to owners of the parent company of Baht 254.49 million which decreased by Baht 148.51 million or 36.85% compared with the same period in Q2/2015 which was the net profit attributable to owners of the parent company of Baht 403.00 million with main reasons as follows:

**1. Revenue from sales, Revenue from transportation, Revenue from services**

In Q2/2016, the Company and its subsidiaries had revenue from sales, revenue from transportation and revenue from services of Baht 12,460.09 million which decreased by 18.01% or Baht 2,737.35 million compared with the same period in Q2/2015 of Baht 15,197.44 million which mainly resulted from decreased in revenue of LPG trading business in locals and overseas. The revenue from locals trading business decreased due to decreased in sales volume. In addition, the revenue of overseas trading business decreased due to LPG world price (CP Saudi Aramco) which was lower than the same period as the previous year. The average LPG world price for 3 months as at Q2/2016 and Q2/2015 was USD 345 per metric ton and USD 453 per metric ton respectively.

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

During the period of Q2/2016, the average of LPG world price (CP Saudi Aramco) still declined from last year which had significant impact to cost of the overseas LPG trading business, compared with the same period last year. These mainly resulted in the Group of companies overall gross profit of Baht 726.78 million and a gross profit margin of 5.83% in Q2/2016. The gross profit decreased by Baht 172.54 million or 19.19% compared with the same period of the previous year. The Group of companies had overall gross profit of Baht 899.32 million with a gross profit margin of 5.92% in Q2/2015.

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

In Q2/2016, the Group of companies had selling and administrative expenses amounting to Baht 383.80 million, compared to Q2/2015 amounting to Baht 377.00 million which increased by Baht 6.80 million or 1.80%.

## **4. Financial Costs**

In Q2/2016, the Group of companies had financial costs of Baht 103.28 million compared to Q2/2015 which was Baht 103.14 million, increased by Baht 0.14 million.

### **For the six-month in Q2/2016 compared with the same period of the previous year**

The Company and its subsidiaries had the operating results for the six-month period in Q2/2016 with the net profit attributable to Owners of the parent company of Baht 294.66 million which decreased by Baht 108.69 million or 26.95% compared with the same period. In Q2/2015, the net Profit attributable to Owners of the parent company of Baht 403.35 million with the major reasons as follows:

#### **1. Revenue from sales, Revenue from transportation, Revenue from services**

The Company and its subsidiaries had revenue from sales, revenue from transportation and revenue from services for the six-month period in Q2/2016 of Baht 24,029.14 million which decreased by 12.81% or Baht 3,529.43 million compared with six-month period in Q2/2015 of Baht 27,558.57 million which was reason from decreased in revenue LPG trading business in locals and overseas. These mainly resulted from the LPG world price (CP Saudi Aramco) which was decreased more than the same period of the previous year. The average LPG world price for 6 months as at Q2/2016 and Q2/2015 were of USD 335 per metric ton and USD 458 per metric ton respectively.

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

The Company and its subsidiaries had generated overall gross profit for the six-month ended 30 June, 2016 of Baht 1,195.95 million or equal to gross margin of 4.98% compared with the same period in Q2/2015 with gross profit of Baht 1,242.57 million or equal to gross margin of 4.51%. The gross profit decreased by 3.75% or Baht 46.62 million in Q2/2016 compared with the same period last year. Main reason was from decreased in LPG world price which was mentioned as above.

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

In Q2/2016, the Group of companies had selling and administrative expenses amounting to Baht 718.36 million, compared to Q2/2015 amounting to Baht 737.87 million which decreased by Baht 19.51 million or 2.64%. Main reason was from loss on exchange rate of the Group of companies which decreased by Baht 60.24 million. Nevertheless, these were increased in expenses from the consultant fee amounting to Baht 24.97 million by compared to Q2/2015.

## **4. Financial Costs**

For the six-month ended June 30,2016, the group of companies had financial costs of Baht 201.07 million compared with the same period of previous year which was Baht 206.28 million, decreased by Baht 5.21 million as a result from the interest rate of short term loan and long term loan were decreased by the well managed of Group financial management .

Please be informed accordingly,

Sincerely yours,

(Mrs. Jintana Kingkaew)

Deputy Managing Director