

(Translation)

SGP/SET-132

November 14, 2016

Subject Explanation of the change in operating results for the 3<sup>rd</sup> quarter and nine-month period ended Sep 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 3<sup>rd</sup> quarter and nine-month period ended Sep 30, 2016 compared with the same period of the previous year as follows:-

**For the three-month in Q3/2016 compared with the same period of the previous year**

Siamgas and Petrochemicals Public Company Limited and its subsidiaries had the operating results in Q3/2016 with the net loss attributable to owners of the parent company of Baht 74.84 million which decreased by Baht 105.46 million or 344.42% compared with the same period in Q3/2015 which was the net profit attributable to owners of the parent company of Baht 30.62 million with main reasons as follows:

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

In Q3/2016, the Company and its subsidiaries had revenue from sales, revenue from transportation and revenue from services of Baht 10,168.82 million which decreased by 27.57% or Baht 3,870.67 million compared with the same period in Q3/2015 of Baht 14,039.49 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 Q3/2016 and Q3/2015 was USD 299 per metric ton and USD 374 per metric ton respectively.

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

During the period of Q3/2016, 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 253.62 million and a gross profit margin of 2.49% in Q3/2016. The gross profit decreased by Baht 250.98 million or 49.74% compared with the same period of the previous year. The Group of companies had overall gross profit of Baht 504.60 million with a gross profit margin of 3.59% in Q3/2015.

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

In Q3/2016, the Group of companies had selling and administrative expenses amounting to Baht 303.57 million, compared to Q3/2015 amounting to Baht 341.94 million which decreased by Baht 38.37 million or 11.22%.

## **4. Financial Costs**

In Q3/2016, the Group of companies had financial costs of Baht 106.25 million compared to Q3/2015 which was Baht 101.41 million, increased by Baht 4.84 million or 4.77%

## **For the nine-month in Q3/2016 compared with the same period of the previous year**

The Company and its subsidiaries had the operating results for the nine-month period in Q3/2016 with the net profit attributable to Owners of the parent company of Baht 219.81 million which decreased by Baht 214.16 million or 49.35% compared with the same period. In Q3/2015, the net Profit attributable to Owners of the parent company of Baht 433.97 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 nine-month period in Q3/2016 of Baht 34,197.95 million which decreased by 17.79% or Baht 7,400.11 million compared with nine-month period in Q3/2015 of Baht 41,598.06 million which was reason from decreased in revenue 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 mainly decreased from LPG world price (CP Saudi Aramco) which was decreased more than the same period of the previous year. The average LPG world price for 9 months as at Q3/2016 and Q3/2015 were of USD 323 per metric ton and USD 430 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 nine-month ended 30 Sep, 2016 of Baht 1,449.58 million or equal to gross margin of 4.24% compared with the same period in Q3/2015 with gross profit of Baht 1,747.17 million or equal to gross margin of 4.20%. The gross profit decreased by 17.03% or Baht 297.59 million in Q3/2016 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**

For the nine-month period in Q3/2016, the Group of companies had the selling and administrative expenses amounting to Baht 1,021.92 million, compared to Q3/2015 amounting to Baht 1,079.82 million which decreased by Baht 57.90 million or 5.36%. Main reason was from loss on exchange rate of the Group of companies which decreased by Baht 87.53 million. Nevertheless, these were increased in expenses from the consultant fee amounting to Baht 15.41 million by compared to Q3/2015.

## **4. Financial Costs**

For the nine-month period in Q3/2016, the Group of companies had the financial costs of Baht 307.32 million compared with the same period of previous year which was Baht 307.69 million, decreased by Baht 0.37 million.

Please be informed accordingly,

Sincerely yours,

(Mrs. Jintana Kingkaew)

Deputy Managing Director