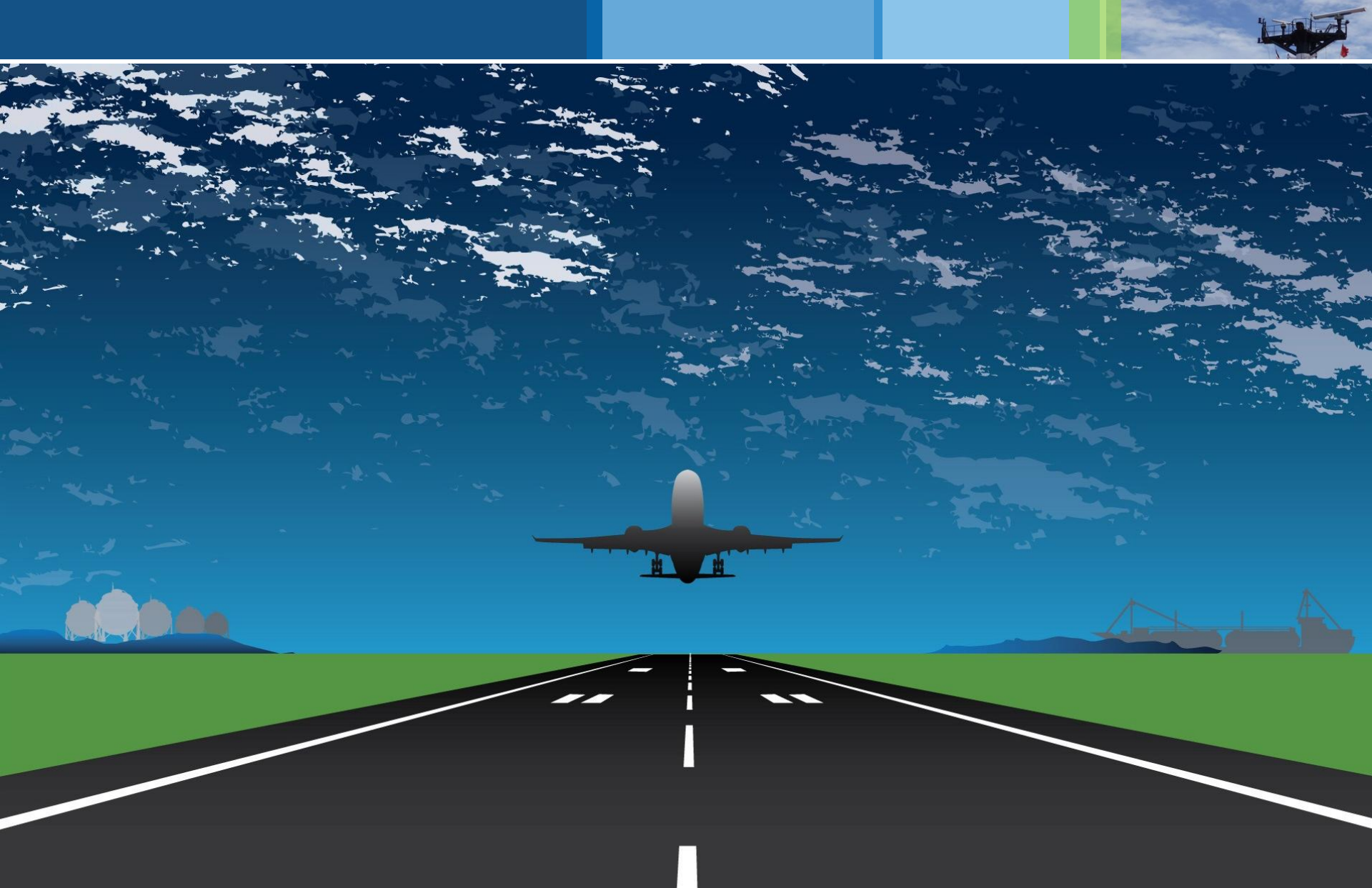


Siamgas and Petrochemicals Public Company Limited



Presentation for Investors & Analysts  
Quarter 3, 2013



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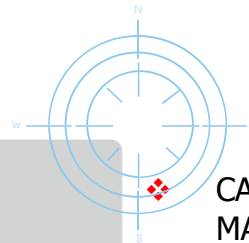
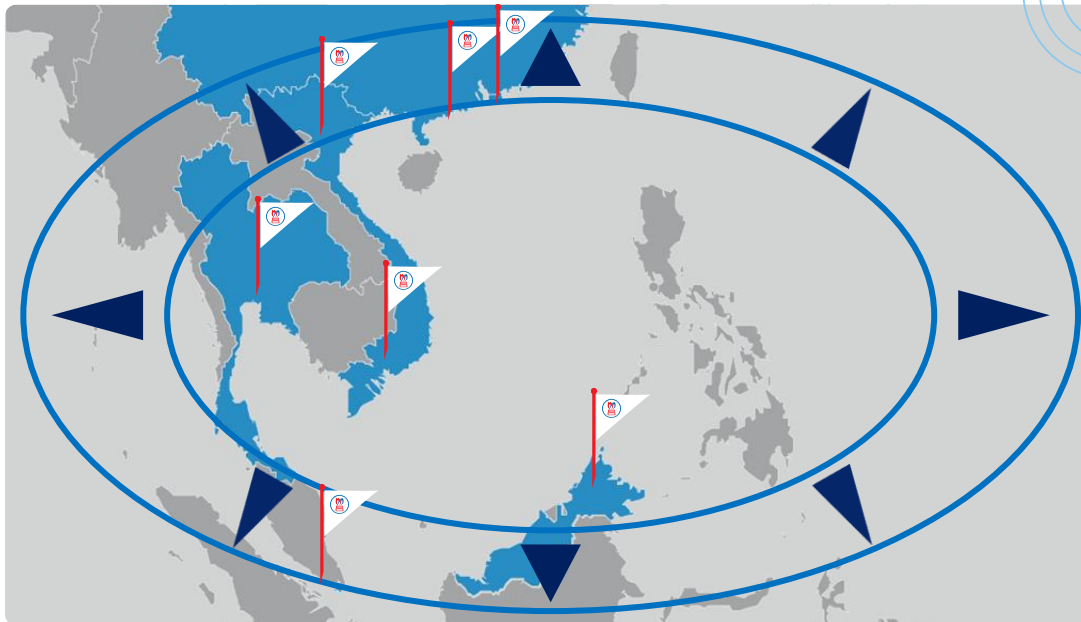
# Agenda

- SGP's Business Overview & Current Presence
- Thailand LPG Market Highlights
- Oversea LPG Market Highlights
- Business Growth 2010 - 2013
- Financial Results
- Business Outlook
- Q & A

# SGP's Business Overview

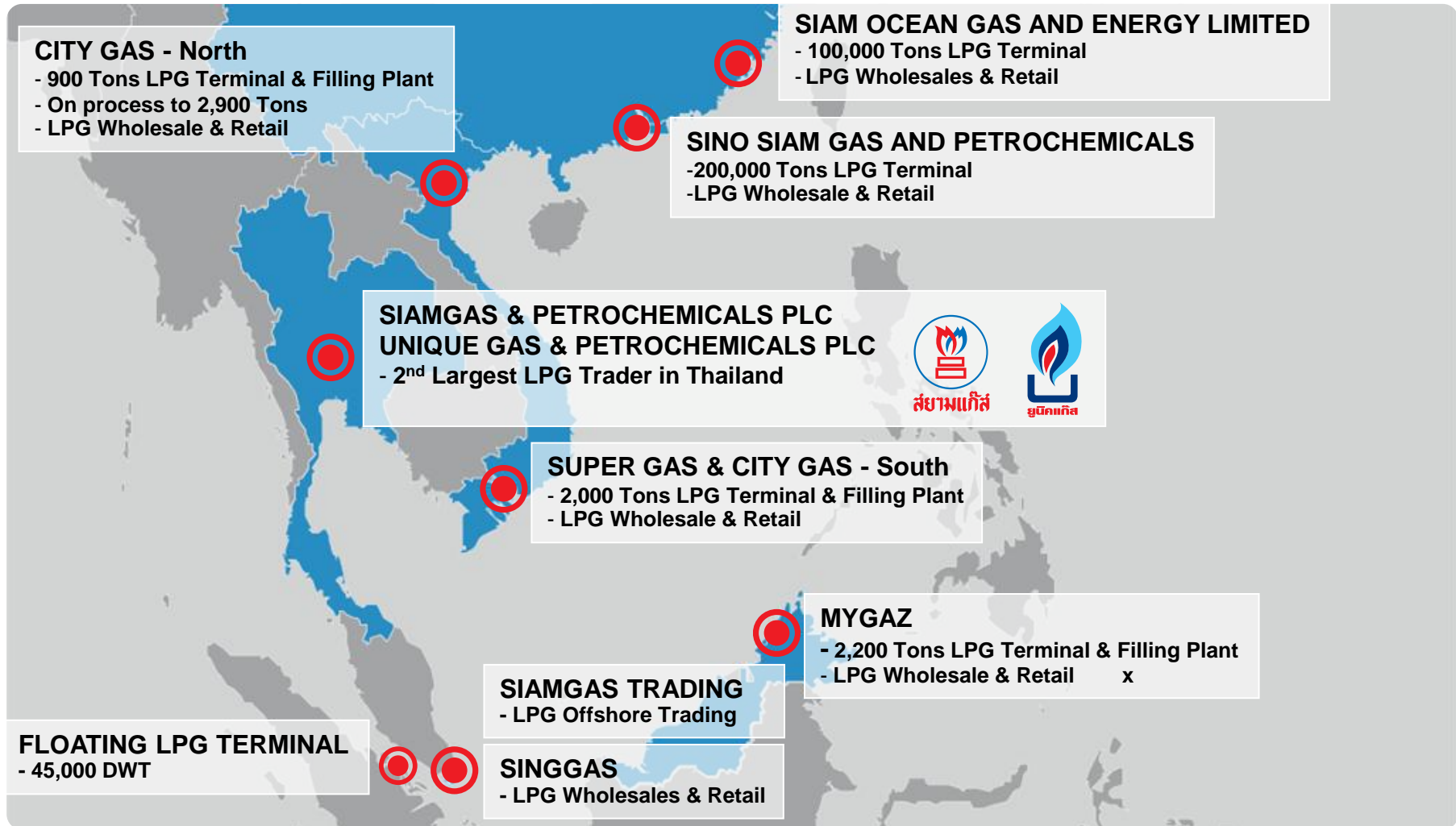
- One of the leading LPG Traders in Thailand
- Recent business expansion to oversea markets since 2010
- Leading LPG provider in East Asia with strong supply chain and key distribution facilities

## Key Business Directions



- ❖ CAPTURE THAILAND ORGANIC MARKET GROWTH
- ❖ CAPTURE NEW MARKETS WHEN THAILAND MARKET FLOATS
- ❖ NEW WHOLESALE MARKETS  
*Enhance economy of scale*
- ❖ NEW DOWNSTREAM GEOGRAPHIES  
*Stabilize profit margin*
- ❖ NEW LOWER-COST SOURCES OF PRODUCTS
- ❖ REDUCE RISK OF ADVERSE CP MOVEMENTS

# SGP's Presence in East Asia



# Agenda

- SGP's Business Overview & Current Presence
- **Thailand LPG Market Highlights**
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# LPG Business in Thailand



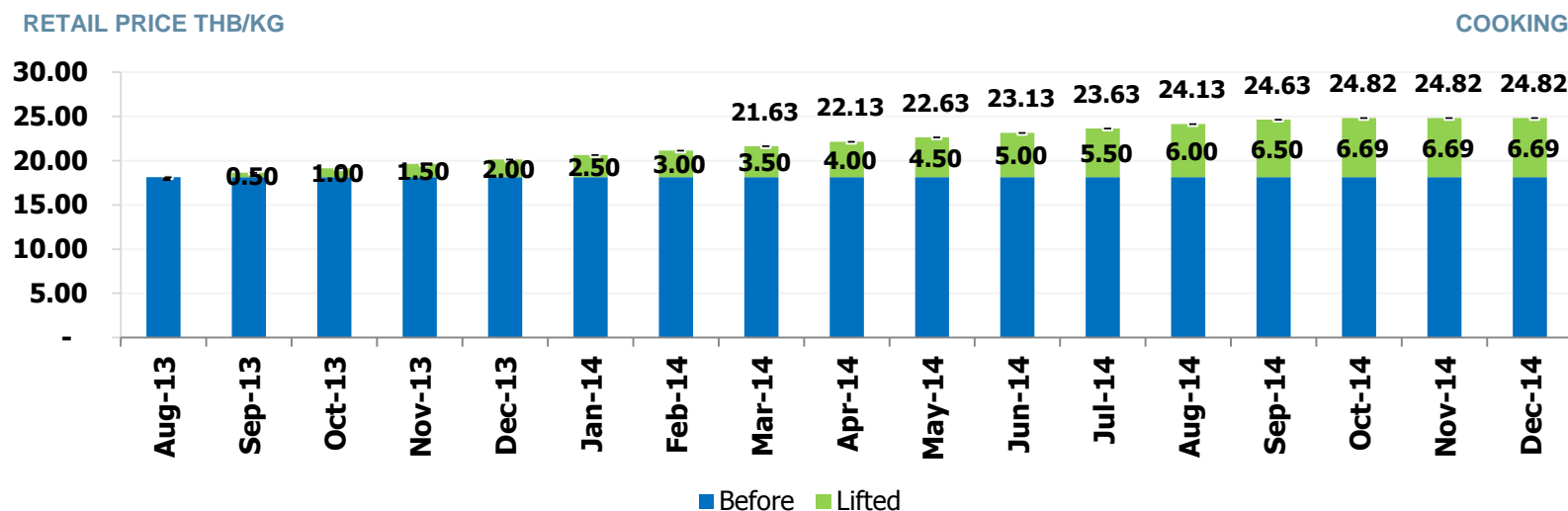




# Thailand LPG Market Highlights

- Competition in automotive segment
- Gasoline prices comparatively remained high
- New regulations to be more stringent to prevent cross-category sales
- Government's policy in lifting LPG prices
  - Cooking sector
    - Price increase will start from Sep'13 till Oct'14 total 6.70 Baht/kg
    - Govt's policy to support low-income LPG users with Impact Alleviation Initiative
  - Price for automotive has been lifted by 3.25 Baht/kg and is currently on hold
  - LPG price for industrial use has been moved to reflect the LPG world price and cost of local supply (12.00 Baht/kg as of Aug'13)
  - All-sector price lifting is collected and submitted to the Oil Fund

# LPG Cooking Price Lifting



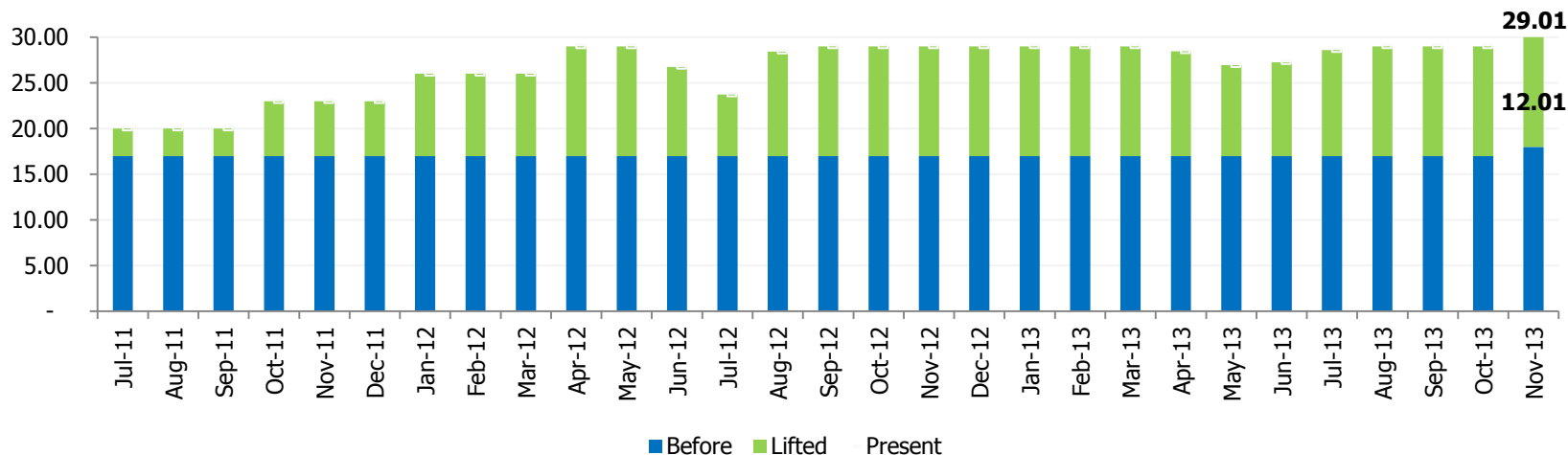
- Lifting starts in Sep'13 and ends in Oct'14 (according to EPPO)
- Final lifting at 6.69 Baht/kg
- Govt's Impact Alleviation Program in place to support low-income users
  - Eligible users: no electricity usage / electricity bill <90 units / small food-vendors or hawkers
  - Right to buy LPG at the same price as that of before the lifting
  - Right limits: household – not exceeding 18kg in 3 months / vendors – not exceeding 150kg/month
  - Rights exercised with SMS ordering via Data Center
  - Official program website: [www.lpg4u.net](http://www.lpg4u.net)

โครงการบรรเทาผลกระทบจากการปรับราคา  
ขายปลีกก๊าซปิโตรเลียมเหลว (LPG) ภาคครัวเรือน

# Recent LPG Price Lifting in Thailand

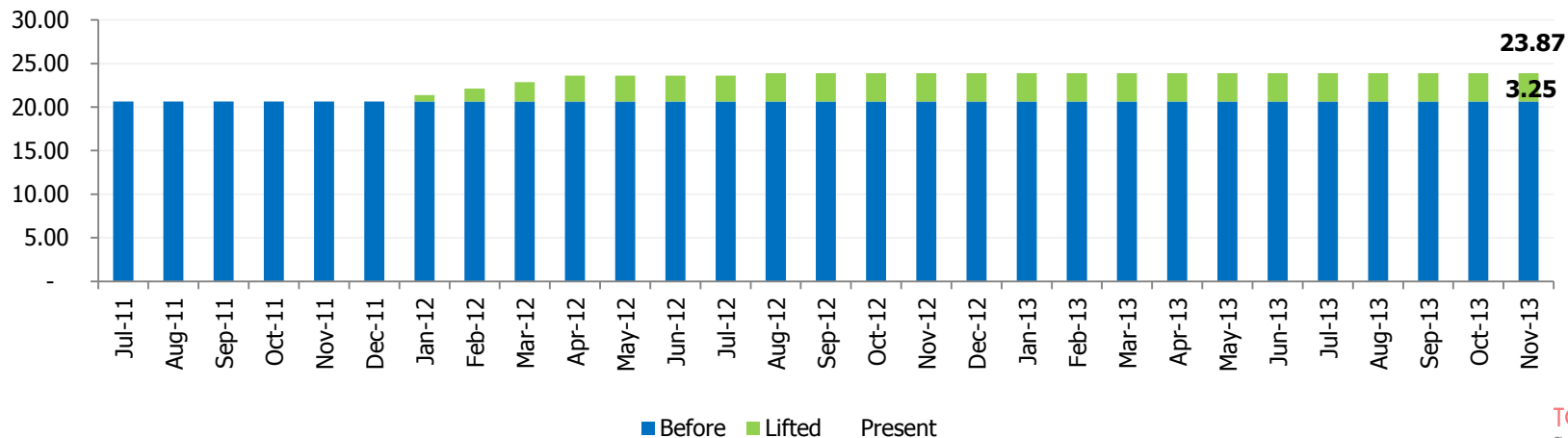
RETAIL PRICE THB/KG

INDUSTRIAL

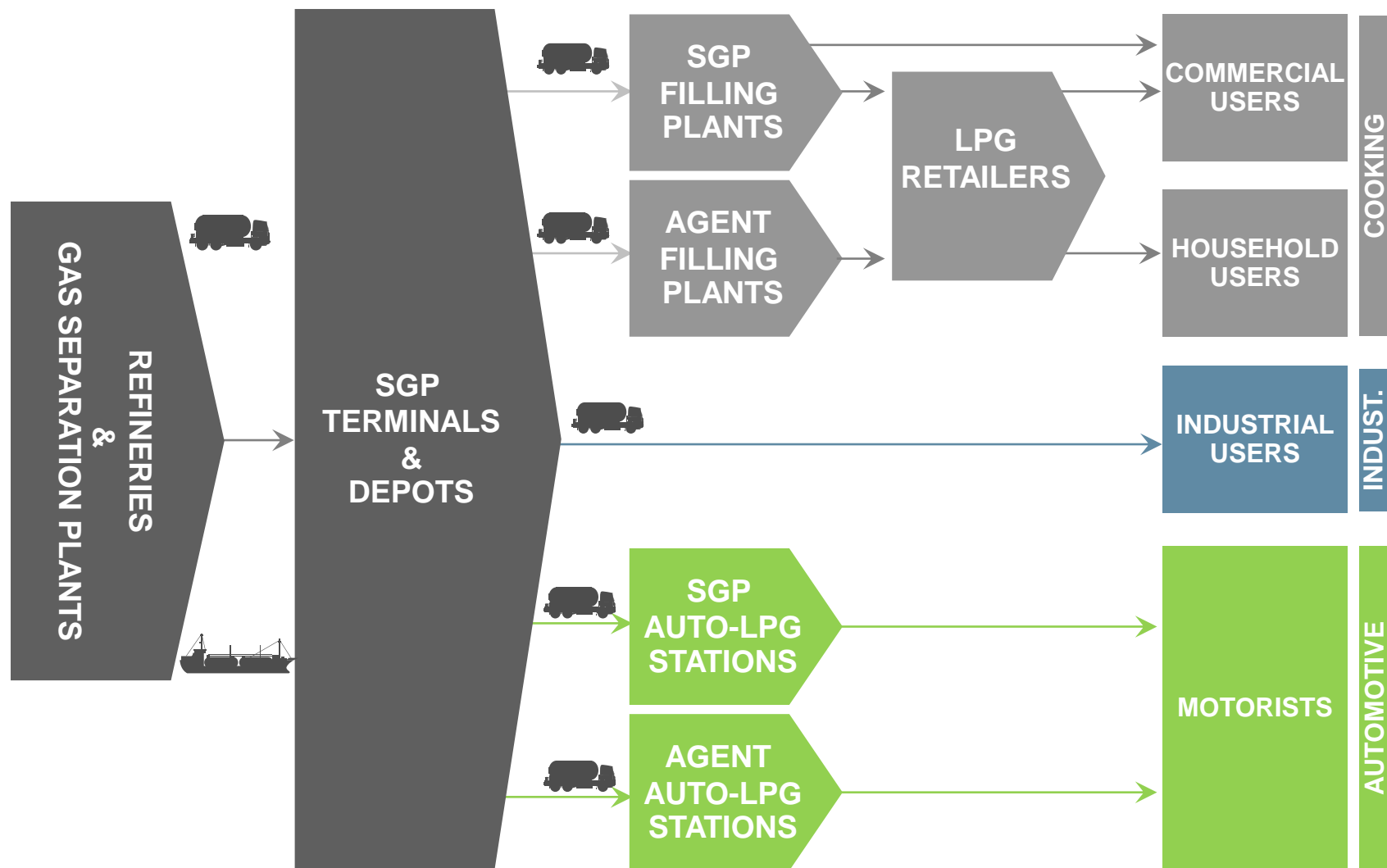


RETAIL PRICE THB/KG

AUTOMOTIVE

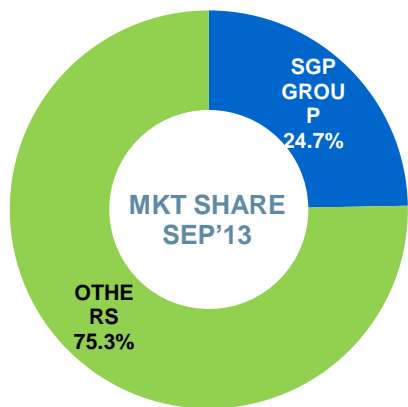
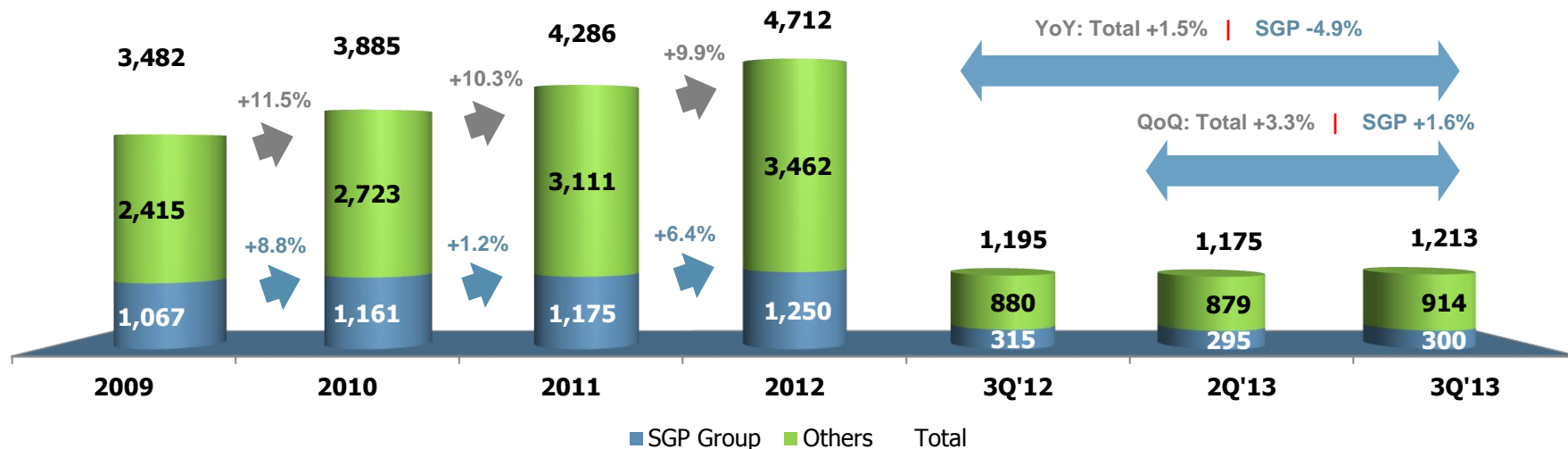


# Business Model - Thailand



# Thailand LPG Market Highlights

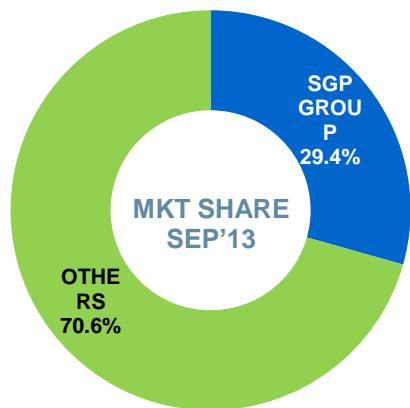
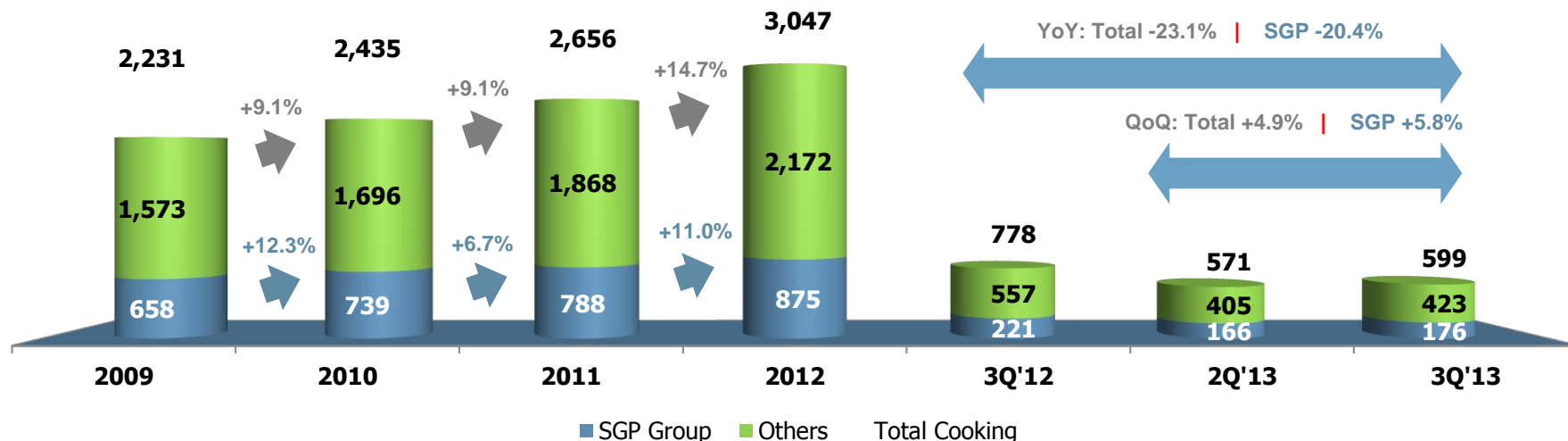
LPG Sales Volume ('000 tons) | ALL SECTORS



- Legislation on cross-application sales with strict enforcement
- Total market size 4.71 million TPA (2012)
  - Cooking 3.05 million TPA (65%)
  - Automotive 1.06 million TPA (22%)
  - Industrial 0.60 million TPA (13%)
- Average growth ('09-'12) 10.6%

# Thailand LPG Market Highlights

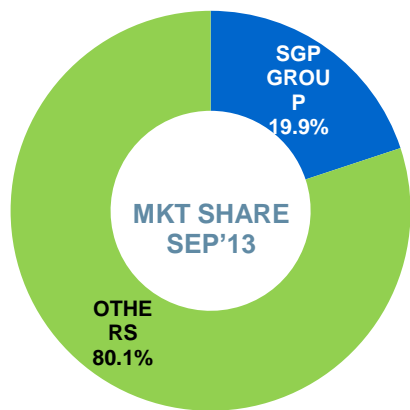
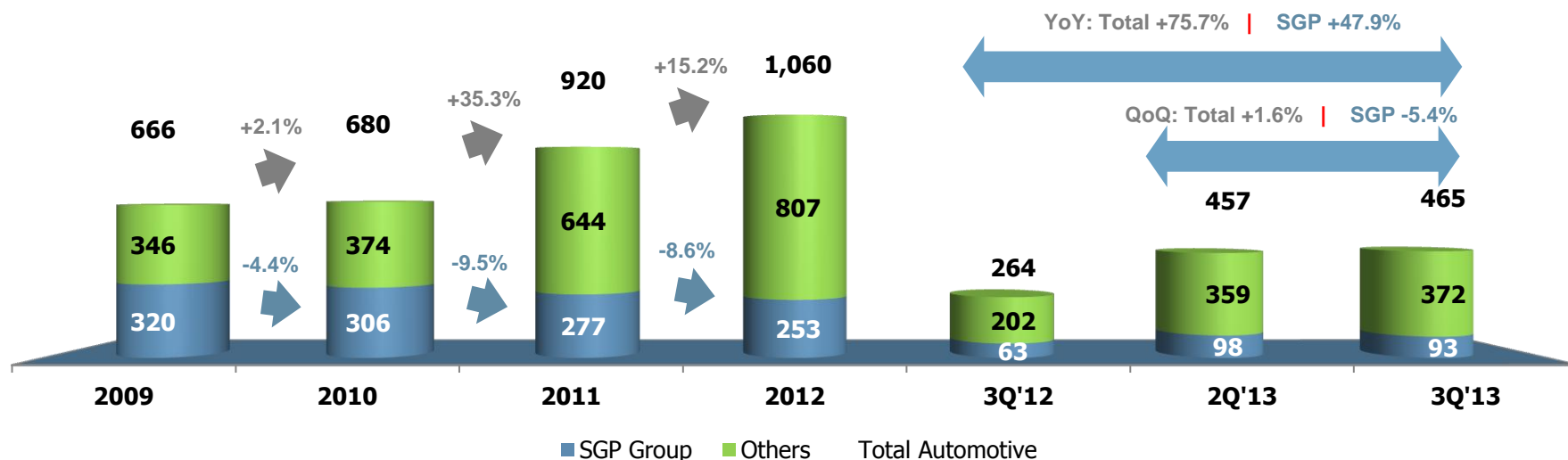
LPG Sales Volume ('000 tons) | COOKING SECTOR



- Govt's caps filling capacity affects cooking sales
- Commercial sector growth
- Low price elasticity
- Few substituted energy sources
- Cooking price lifting in 14 months (Sep'13 – Dec'14) total of THB 6.70/kg
- Impact alleviation program in place to support low-income users

# Thailand LPG Market Highlights

LPG Sales Volume ('000 tons) | AUTOMOTIVE SECTOR



- LPG price (lifted by 3.25 THB/kg) is still attractive to convert
- Continuous growth in numbers of LPG vehicles and stations
- Competition from new traders

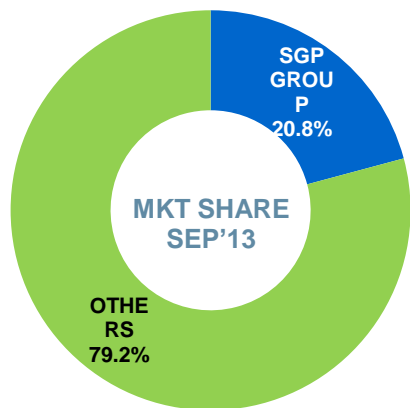
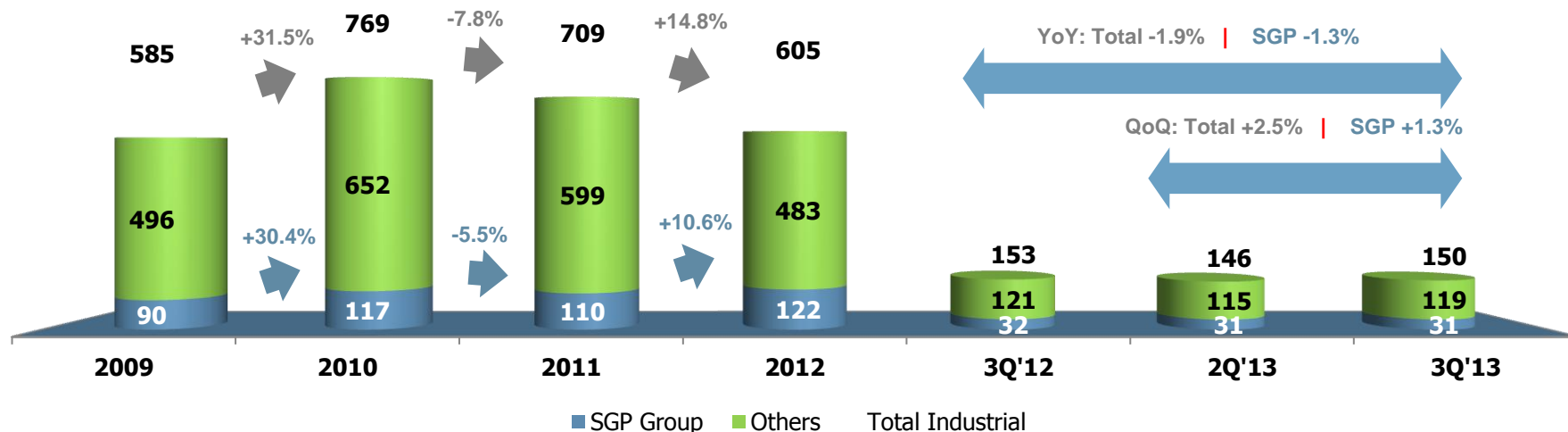
ENERGY	UNIT	RETAIL PRICE	CONS. KM/LT	COST THB/KM
NGV	THB/KG	10.50	10.69	0.98
LPG	THB/LT	13.08	7.41	1.77
LPG (CP \$825) *	THB/LT	18.67	7.41	2.52
E85	THB/LT	23.58	6.13	3.85
GASOHOL 91 (E10)	THB/LT	36.98	7.91	4.68
GASOHOL 95 (E10)	THB/LT	39.43	7.91	4.98

\* Average CP (July – Sept 2013)



# Thailand LPG Market Highlights

LPG Sales Volume ('000 tons) | INDUSTRIAL SECTOR



- LPG Price has been lifted w/policy trying to reflect LPG World Price
- Minor impact on growth due to LPG's advantages (i.e. cleanliness, lower R&M maintenance)

ENERGY	UNIT	PRICE (Exc.VAT)	HEATING VALUE (BTU)	PRICE/ Mil BTU
COAL	THB/KG	2.70	23,003	117.38
NG	THB/Mil BTU	450.00	1,000,000	450.00
LPG	THB/KG	29.13	47,300	615.76
FUELOIL	THB/LT	22.59	39,600	570.40
LPG (CP \$825) *	THB/KG	30.56	47,300	646.16
DIESEL OIL	THB/LT	29.99	36,700	817.17

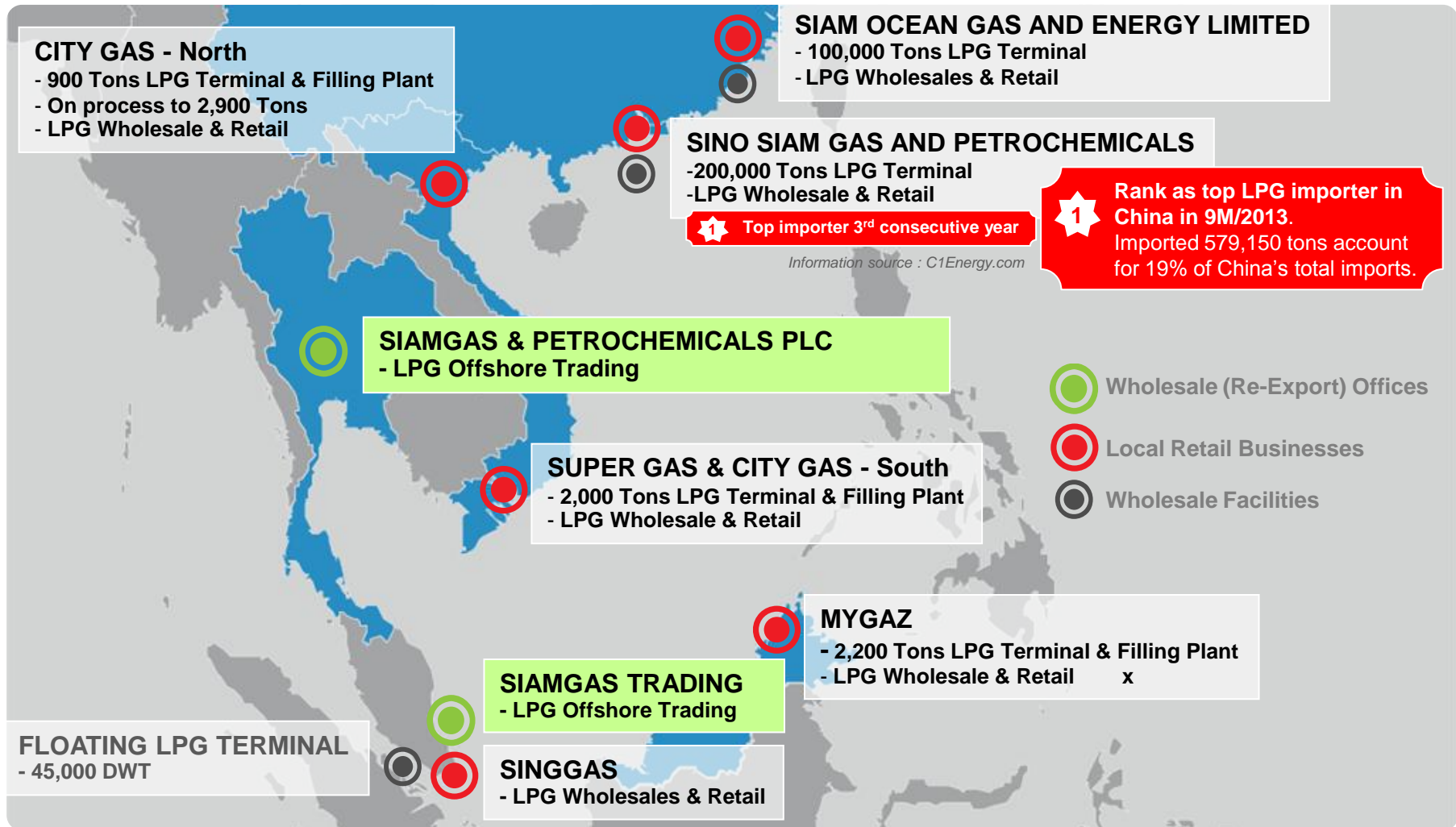
\* Average CP (July – Sept 2013)



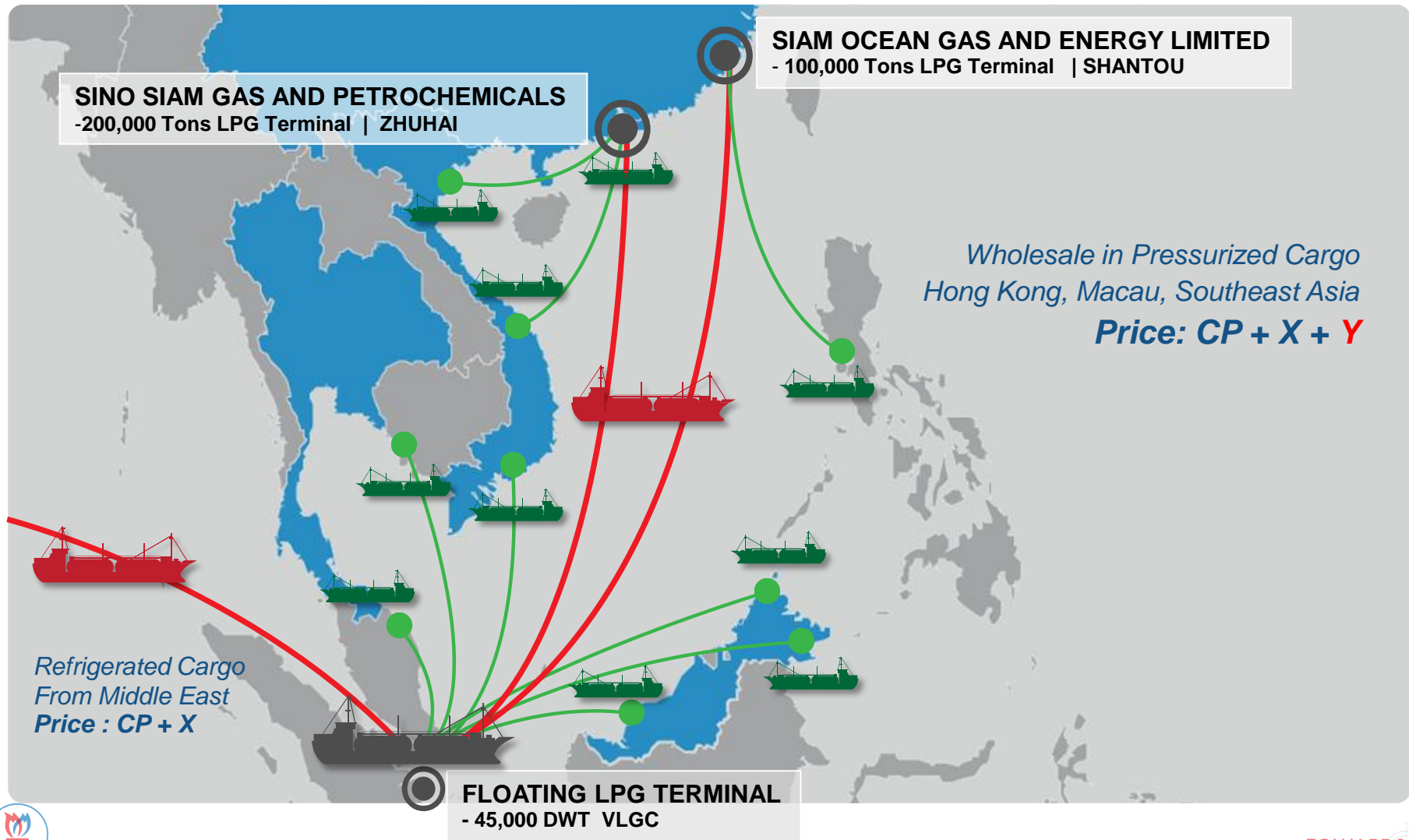
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# SGP's Oversea Businesses



# Regional LPG Wholesale (Re-Export) Model



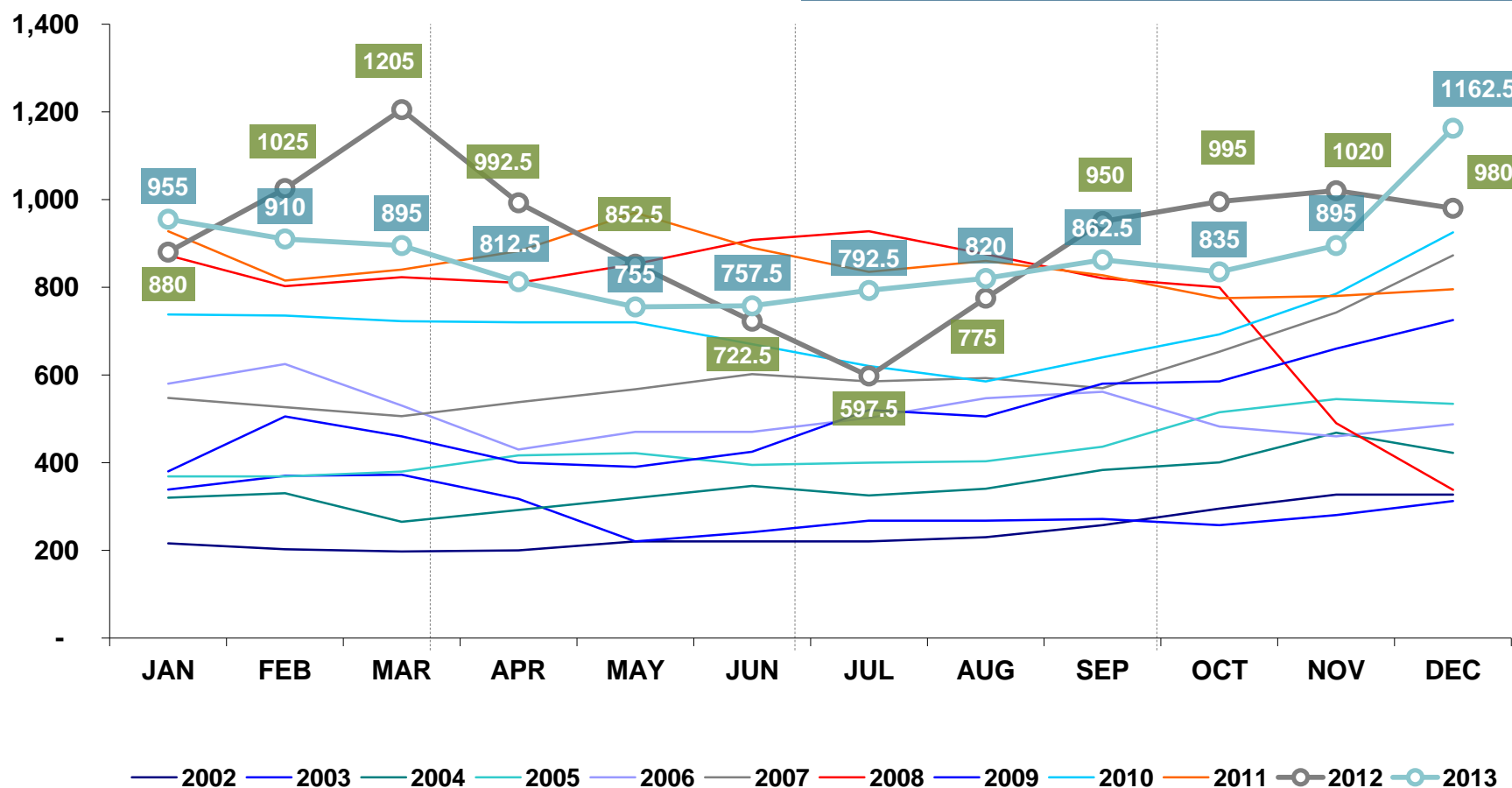
# Wholesale Regional Hub – Asset Investment Worthiness





# Historical CP Price 2002-2013 (Nov)

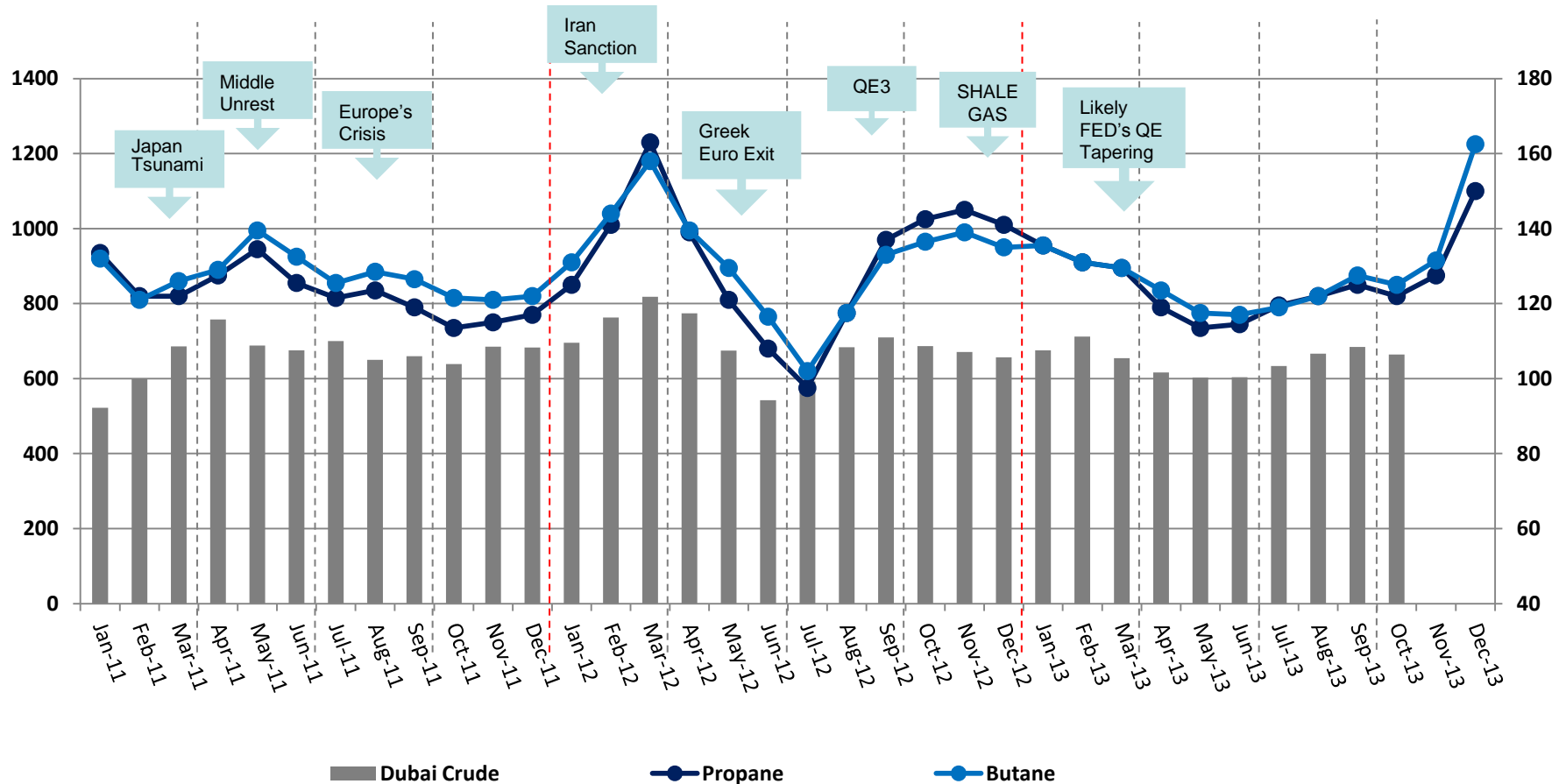
LPG World Price - CP Saudi Aramco (USD/Ton)



# CP Price Movement vs Crude Price : Snap Shot 2011-2013 (Dec)

CP Price  
USD/Ton

Crude Price  
USD/Barrel





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# Business Expansion & Key Investment Projects



## M&A:

- BP Zhuhai (Zhuhai, PRC)
- Shell Gas (Singapore)
- Super Gas (Vietnam)

LPG Vessels x 2

LPG Stations x 6

## M&A:

- COGEL (Shantou, PRC)

Thailand Terminal Expansion

LPG Vessels x 2

VLGC x 1

LPG Stations x 3

## M&A: (Deposit)

- Shell Gas (North Vietnam)
- Shell Gas (South Vietnam)
- Shell Gas (East Malaysia)

Thailand Terminal Expansion

Container Terminal

LPG Vessel x 1

VLGC x 1

LPG Stations x 3

## M&A: (Handover)

- Shell Gas (North Vietnam)
- Shell Gas (South Vietnam)
- Shell Gas (East Malaysia)

Container Terminal

LPG Stations x 2

VLGC x 1

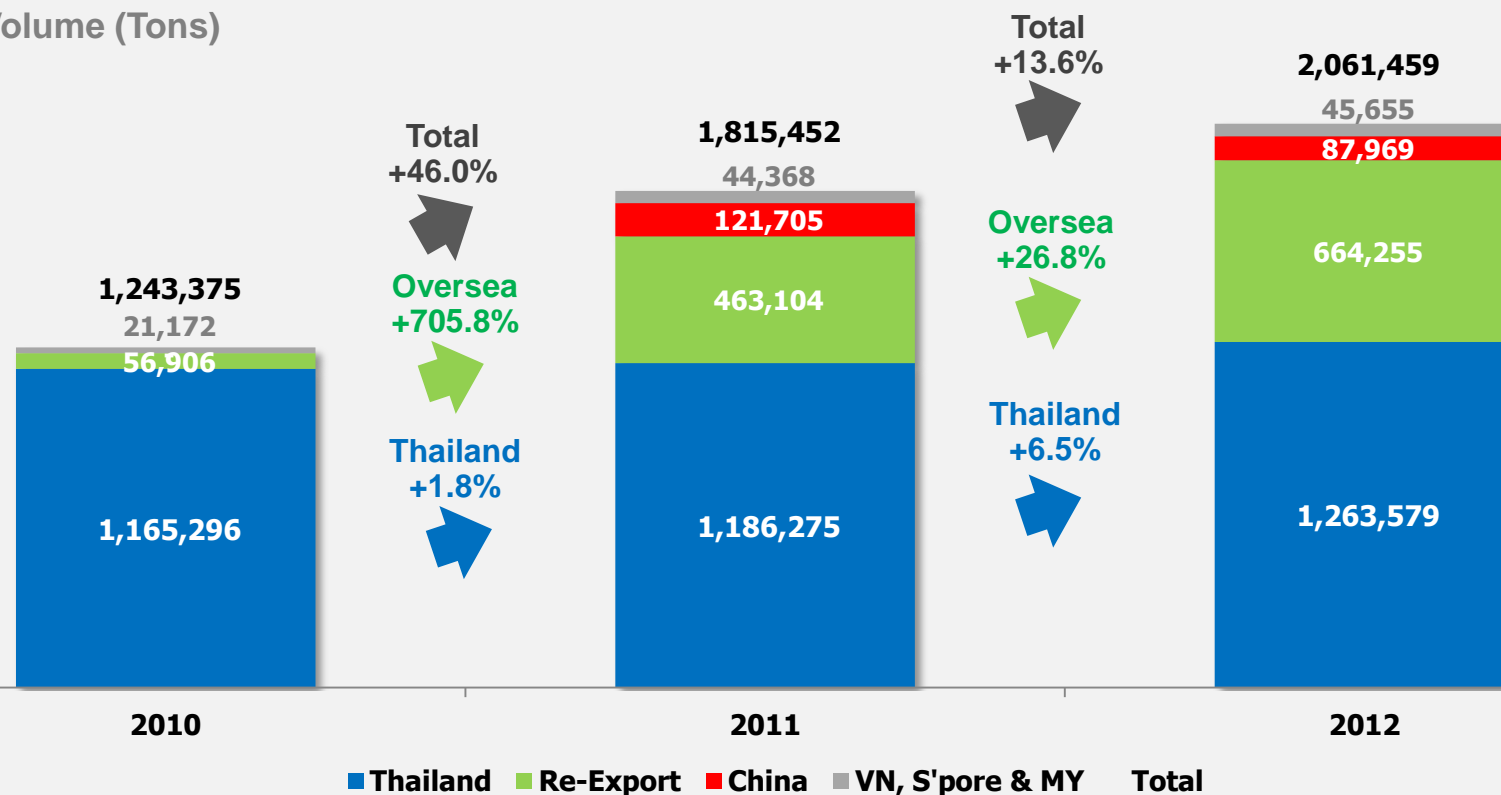
LPG Vessels x 3

LPG Stations x 11



# Annually LPG Sales Growth : 2011 – 2012

Sales Volume (Tons)

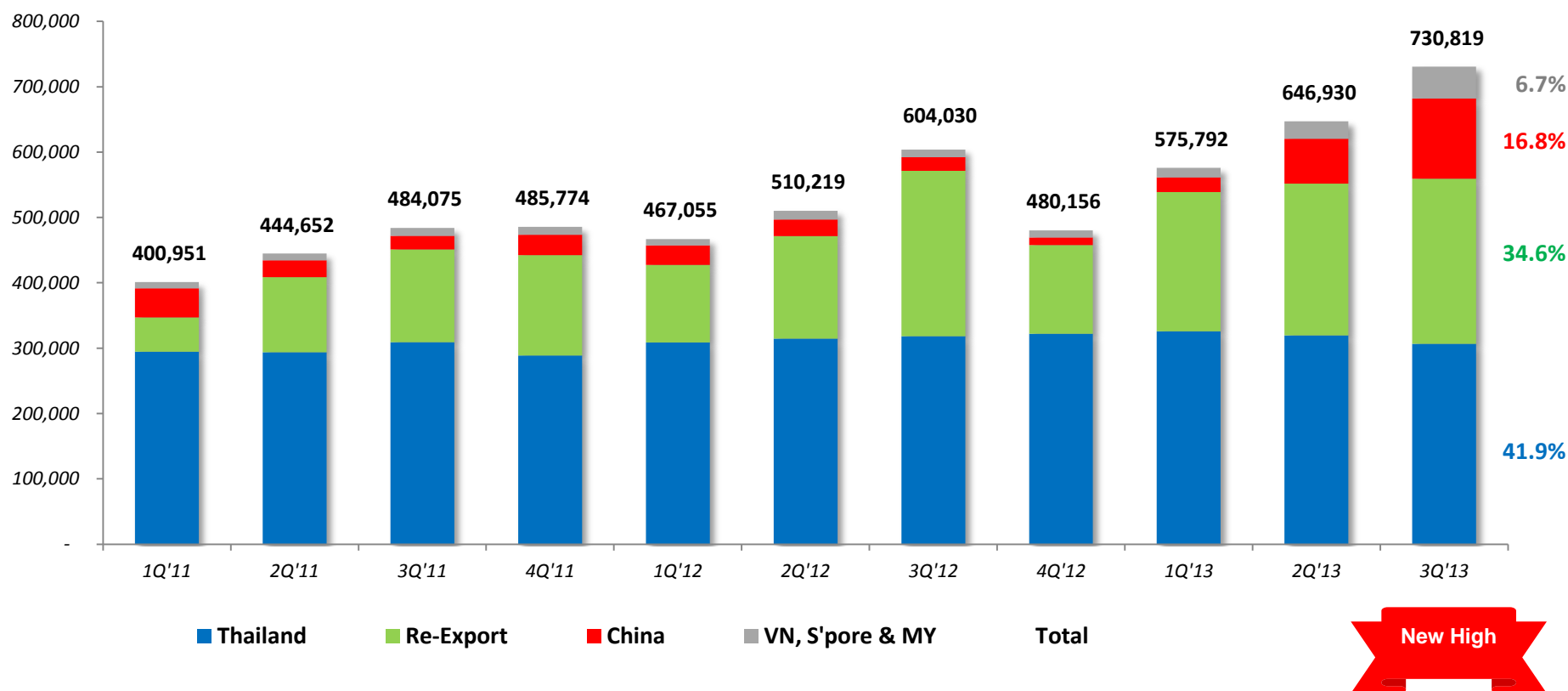




# Quarterly LPG Sales Growth : 2011 – 3Q'13

3Q'YoY: Total +21.0% | Thailand -3.7% | Re-Export -0.1% China +497% | VSM +305.7%

Sales Volume (Tons)

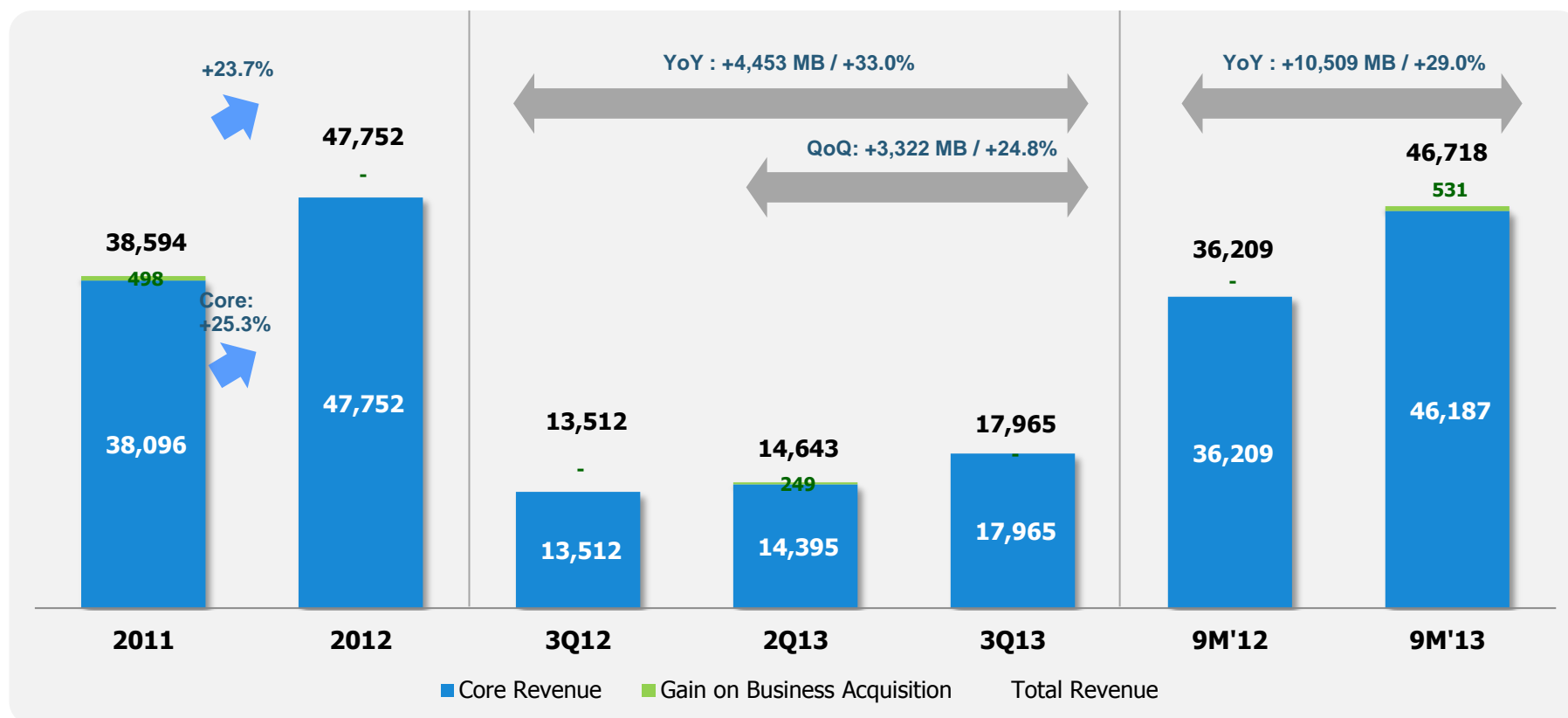


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# Financial Highlights - Revenue

REVENUE (MB)

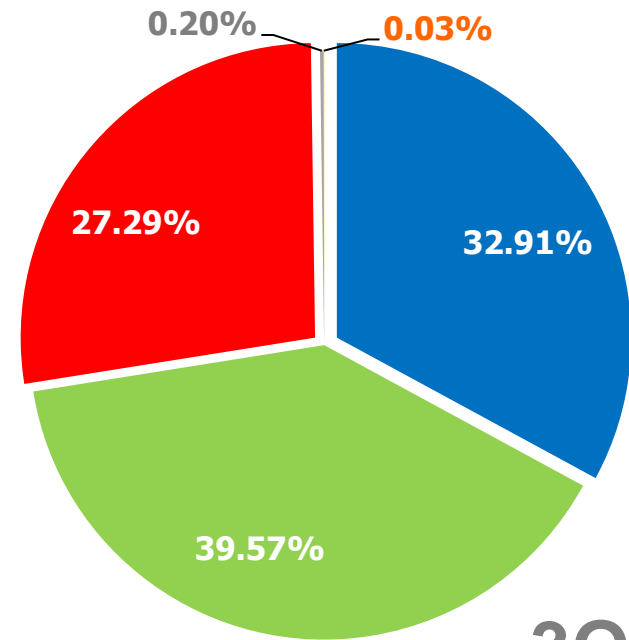
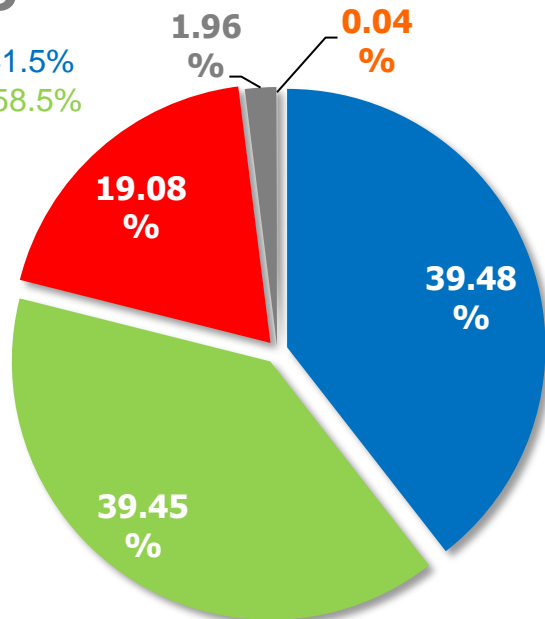


# Revenue Portion

- SGP & UGP Domestic
- Offshore Trading
- Oversea Subsidiaries
- Logistic
- Other

2Q'13

Thailand 41.5%  
Oversea 58.5%

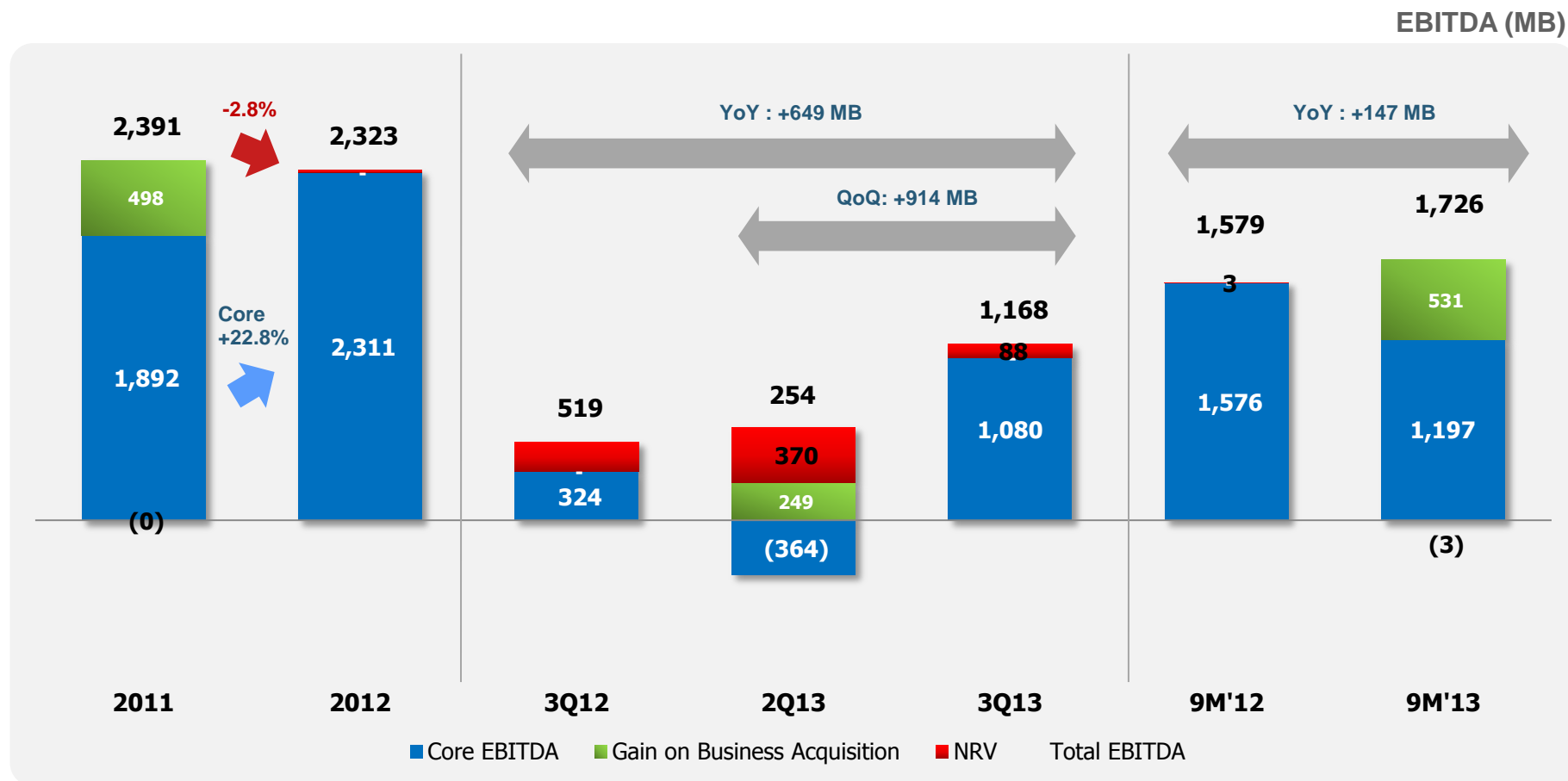


3Q'13

Thailand 33.1%  
Oversea 66.9%



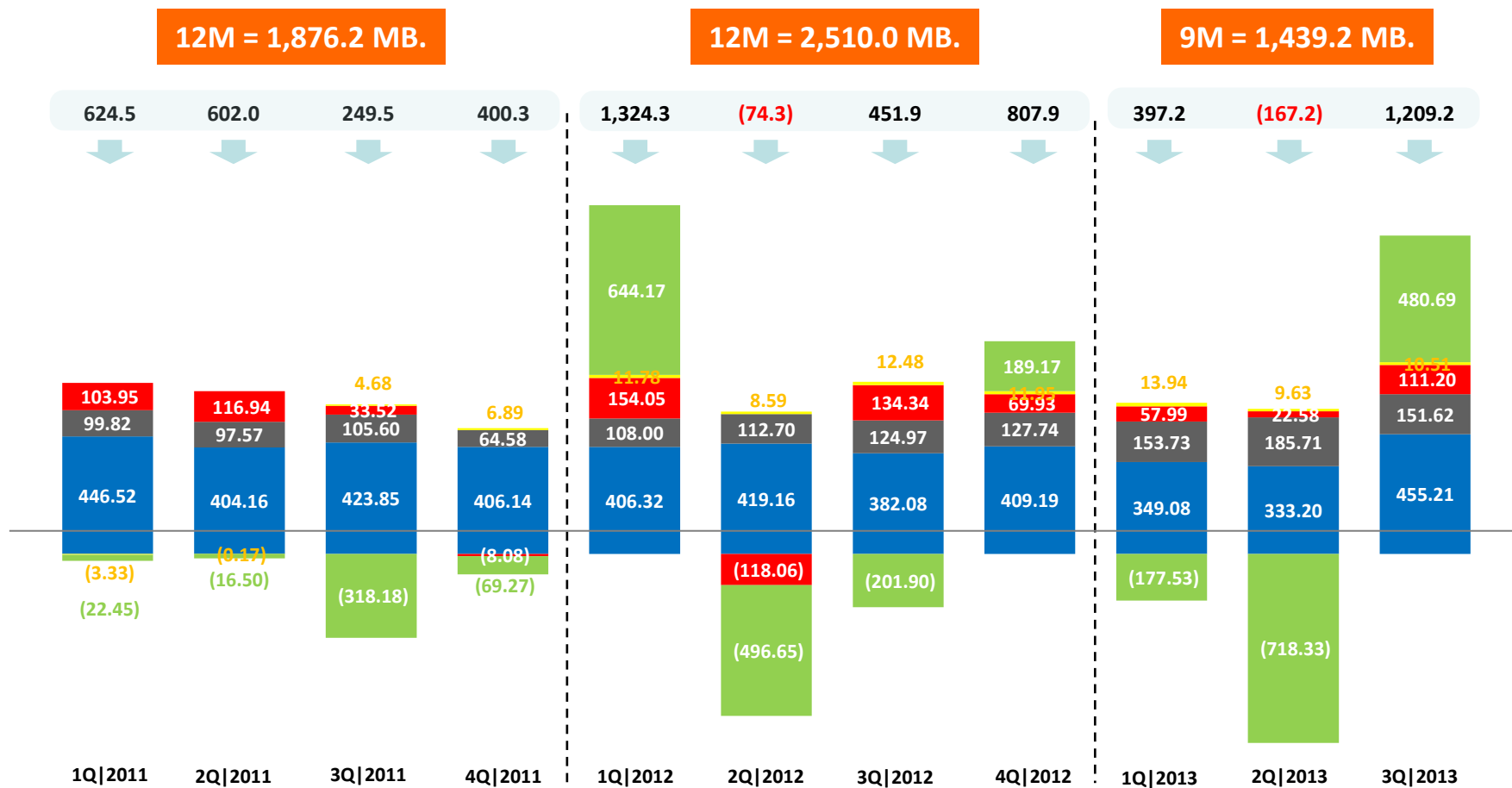
# Financial Highlights - EBITDA



# EBITDA by Individual Business – Quarterly Progress

INDIVIDUAL  
EBITDA (MB)

TOTAL  
EBITDA (MB)



■ SGP & UGP Domestic

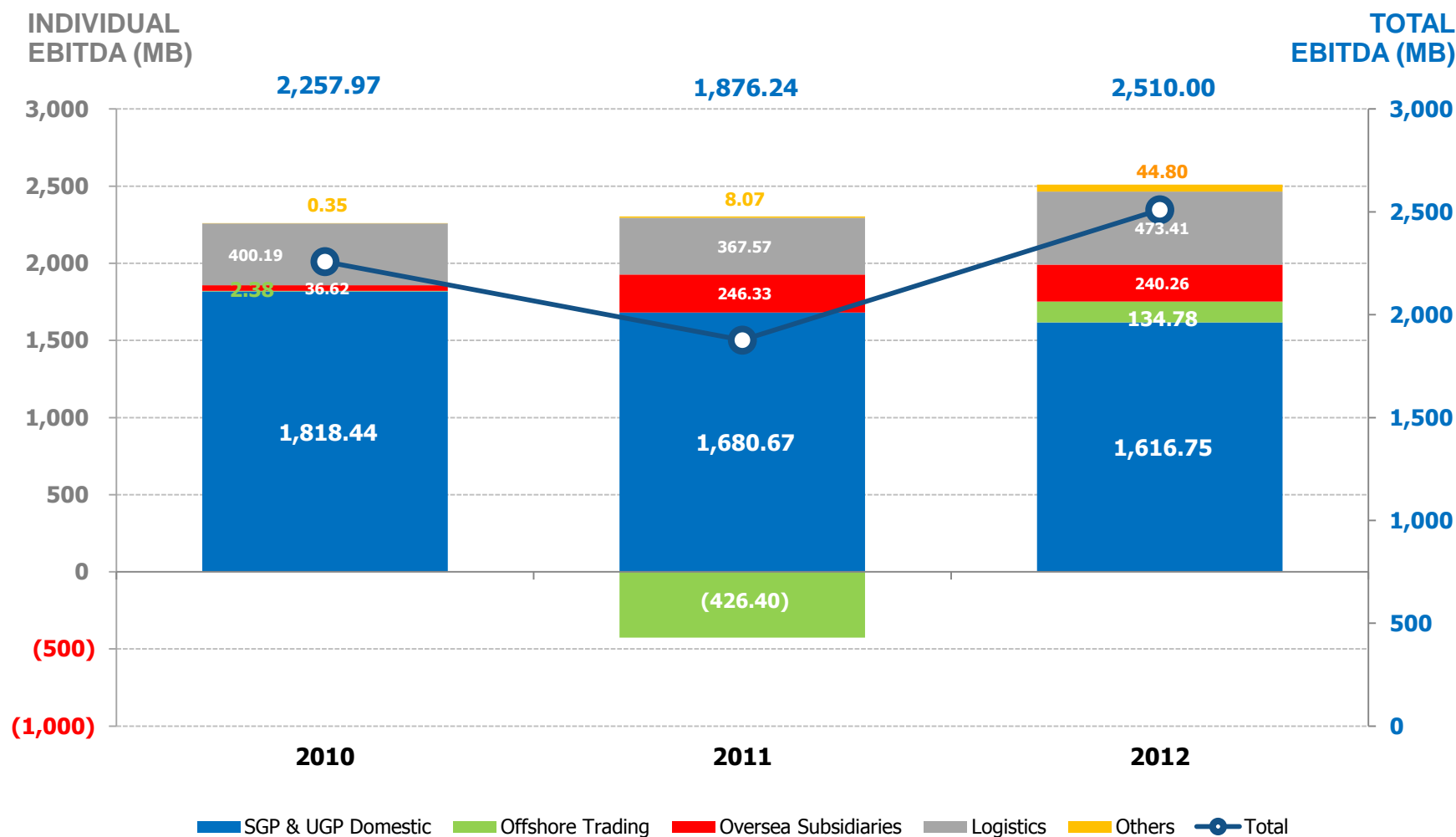
■ Logistic

■ Oversea Business

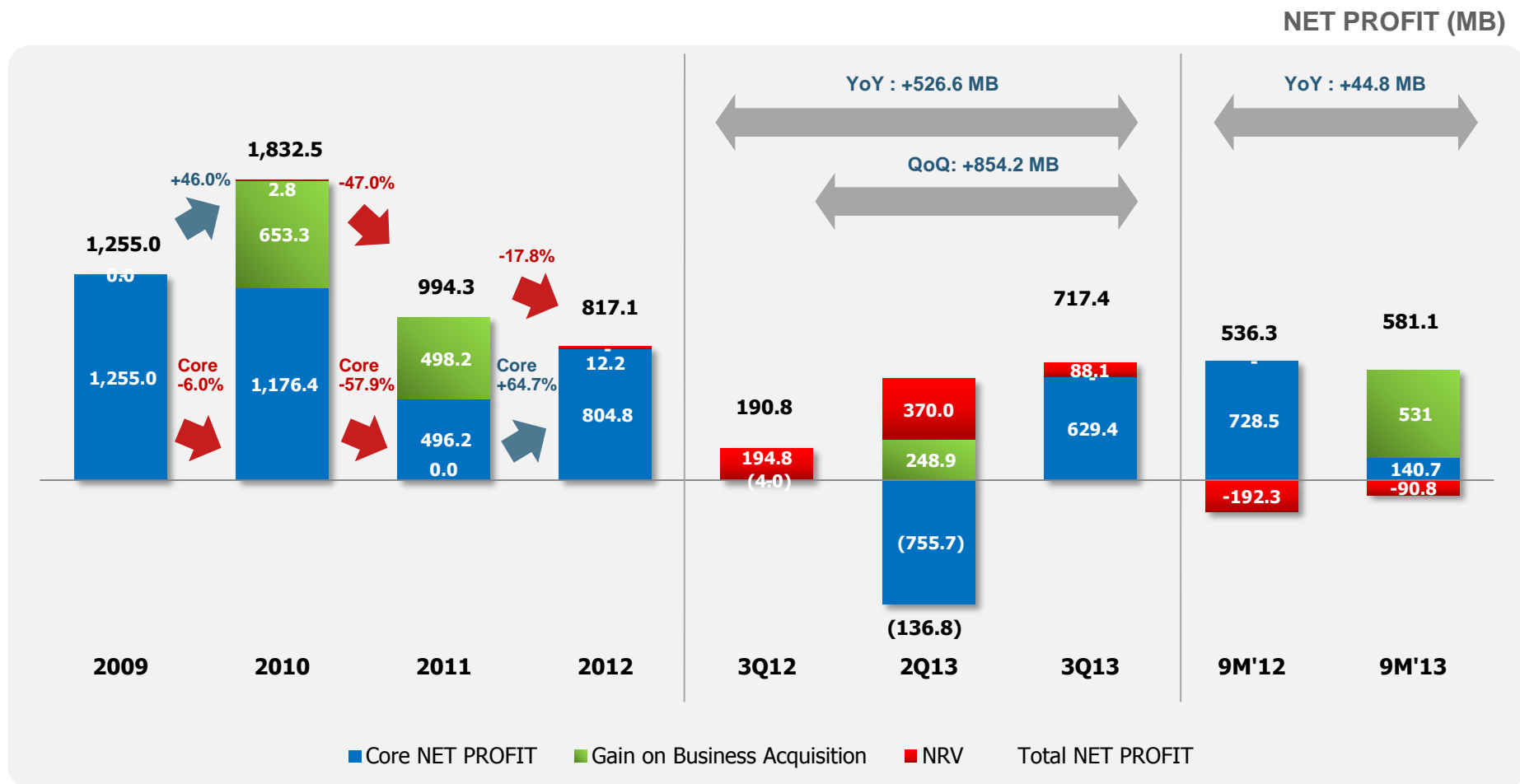
■ Other Business

■ SGP : Offshore

# EBITDA by Individual Business – Annually Progress



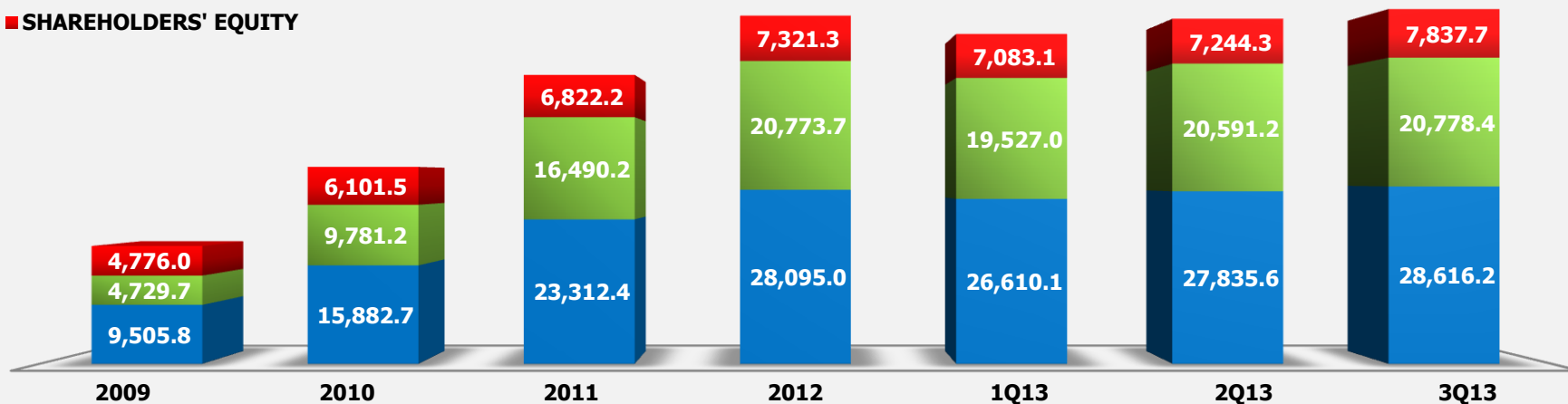
# Financial Highlights – Net Profit



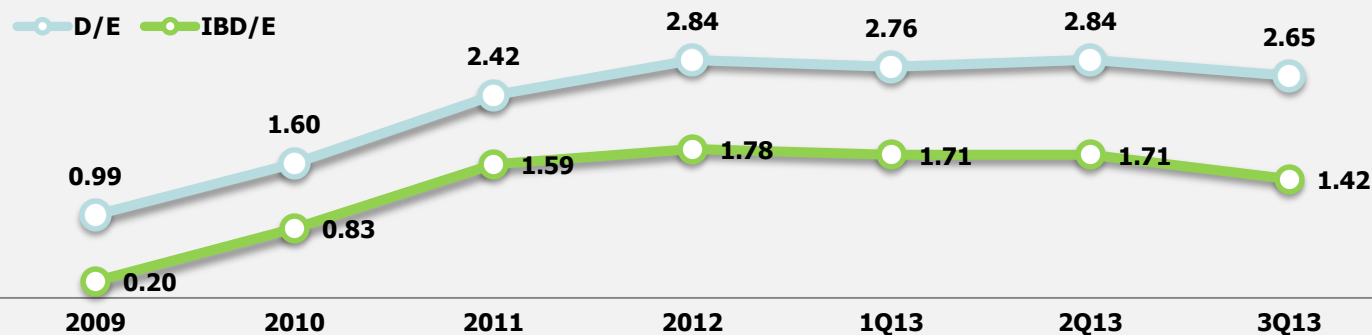
# Financial Highlights – Balance Sheet & D/E

STATEMENT OF FINANCIAL POSITION [MILLION BAHT]

■ ASSETS  
■ LIABILITIES  
■ SHAREHOLDERS' EQUITY



GEARING RATIO (X)

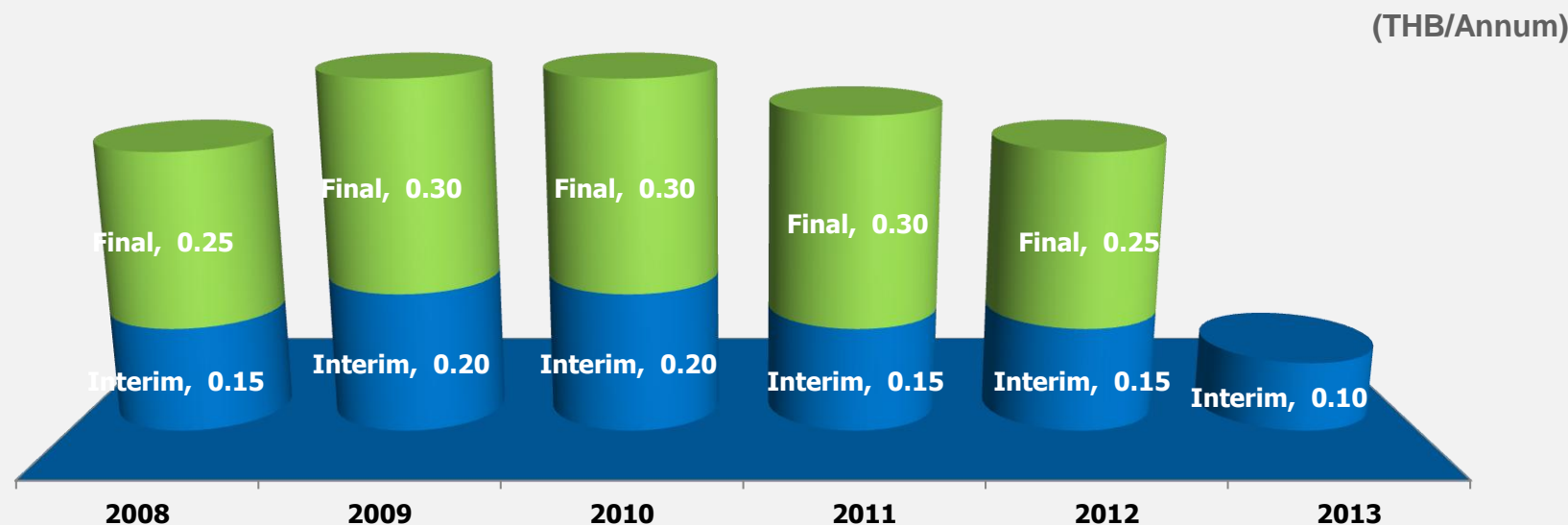


# Dividend Payment

- **Dividend Policy**

- The Company has established the policy to pay dividends to the shareholders at the rate of not less than 40% of the net profit after corporate income tax, accumulated loss brought forward (if any) and appropriation of statutory reserve in accordance with the Company's separate financial statements. However, the Board of Directors may set the rate of dividend less than the one mentioned above depending on the operating results, financial situation, liquidity and the necessity to expand the operation as well as the reserve on circulating capital of the operating of the organization.

- **Historical Dividend Payments**



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# SGP's Strong Propositions

## Fully Integrated LPG Business & Geographical Synergy

### UPSTREAM

Huge Strategic  
LPG Storage Terminals  
-300,000 tons  
Floating Storage 45,000 tons  
-Competitive Edge in  
regional LPG Wholesale Biz

### DOWNSTREAM

Oversea Subsidiaries  
-China  
-Vietnam  
-Singapore  
-Malaysia (completed deal)

### Strong Logistics w/

Company Tanker Vessels  
-Pressurized x 18+  
-VLGC x 3+

Continuously Growing LPG Demand  
New Market Opportunities



Leading Energy Operator  
in East Asia

Strong Foundation  
Long-Time Experiences  
Thailand's 2<sup>nd</sup> Largest LPG Trader

## Customers' Recognition & Trust

Top LPG Import & Export  
in China in 2011-2012  
-“Quality & Reliability”

## Financial Strength

- “Established Credibility”  
among local & international  
financial institutions  
- Diversified Sources of Fund



# Business Outlook

## Market

- Thailand LPG cooking price starts lifting in 2<sup>nd</sup> half 2013
- Continuous growth of global LPG demand driven by Asian countries
- No direct impact from China's economy
- Increasing CP prices in 3Q'13 from USD 757.5/ton in Jun'13 to USD 862.5/ton in Sep'13

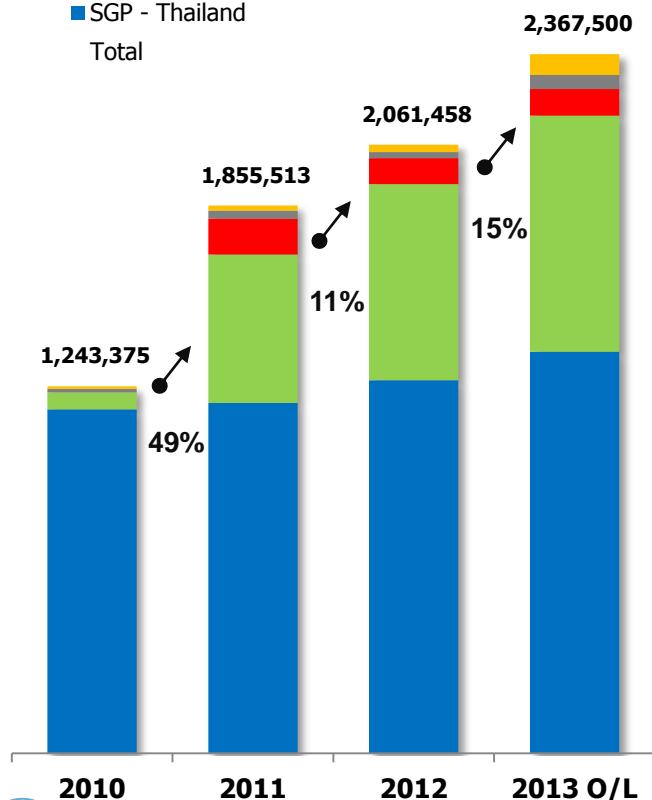
## SGP

- 15% Sales volume growth driven by oversea businesses
- Stable growth for Thailand domestic market : 8%
- SGP would benefit from Thailand LPG market liberalization in terms of supply chain
- Consolidation of 2 M&A projects :
  - Vietnam – starting Feb'13
  - East Malaysia – starting Jun'13
- Strengthened logistic infra-structure with additional VLGC
- Tax benefit of "Siam Gas Trading" from Global Trading Program (GTP) in Singapore

# 2013 LPG Volume Outlook

## LPG Sales Volume (Tons)

- Malaysia & Singapore
- Vietnam
- China
- SGP Offshore Trading\*
- SGP - Thailand
- Total



Sales Volume (tons)	2010	2011	2012	2013 O/L	9M/2013	%
SGP - Thailand	1,165,296	1,186,275	1,263,579	1,360,000	952,271	70.0%
SGP Offshore Trading*	56,906	503,165	664,255	800,000	697,839	87.2%
China	-	121,705	87,969	90,000	213,836	237.6%
Vietnam	12,380	26,496	19,972	47,500	40,694	85.7%
Malaysia & Singapore	8,793	17,872	25,683	70,000	48,901	69.9%
Total	1,243,375	1,855,513	2,061,458	2,367,500	1,953,541	82.5%

Domestic Portion	94%	64%	61%	57%	49%
Oversea Portion	6%	36%	39%	43%	51%





Questions are welcomed !



## Risk Mitigation | LPG world price volatility

- Hedging Consideration



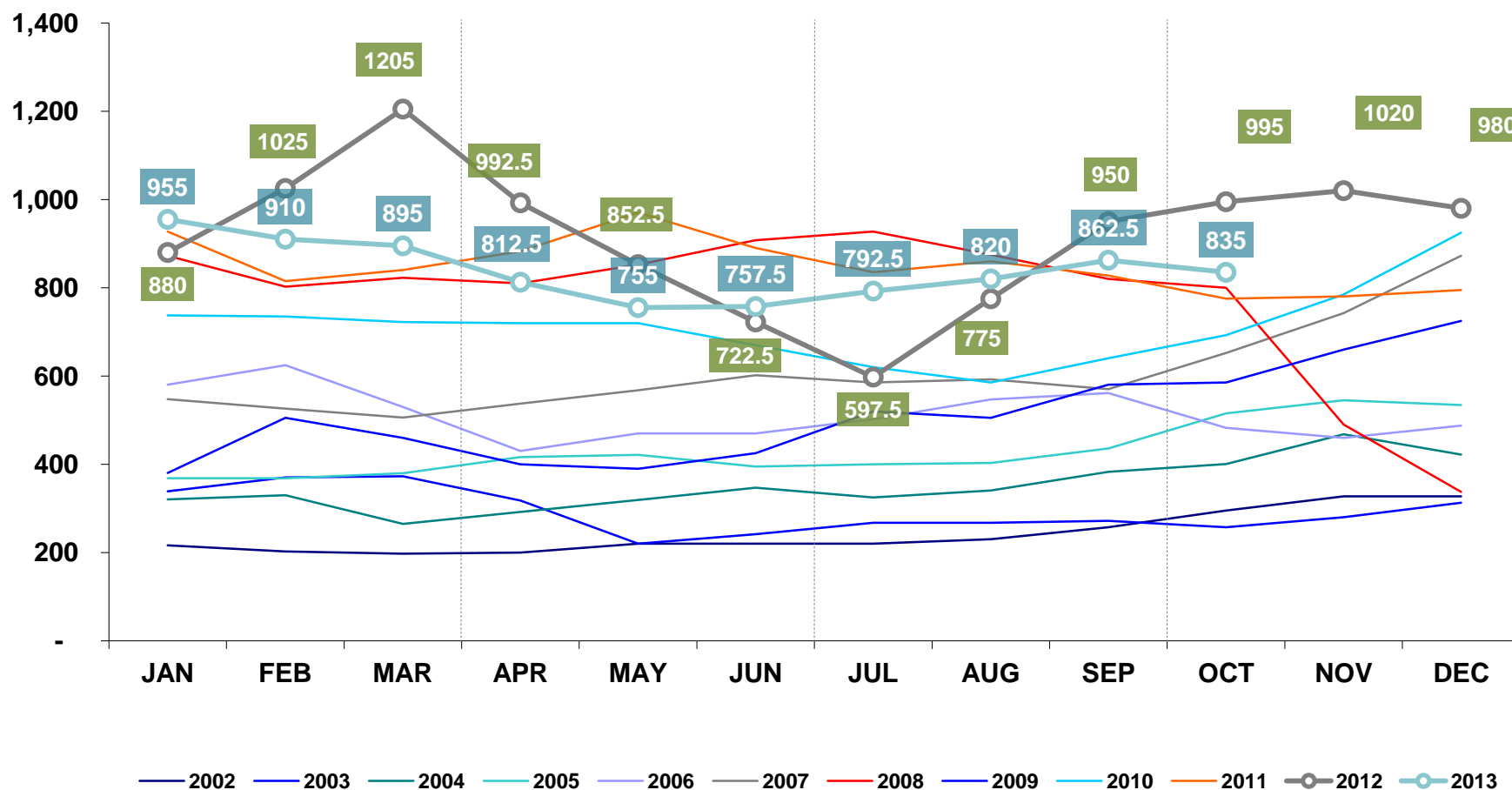
# LPG Hedging Consideration

- Impact of CP Price movement on LPG inventory
- SGP has applied natural hedging method – managing inventory level seasonally
- CP Price Volatility during the past 2 years
- Consideration to reduce negative impact during price backwardation
- Discussion with Financial Institutions & Intensive study on LPG Hedging
  - **SWAP**      Pros: No cost      Cons: Risk of hedging loss if CP price > Fixed Price
  - **OPTION**      Pros: No loss if CP > Fixed      Cons: With Cost (Premium)
  - **COLLAR**      Pros: No cost      Cons: Price range too wide (low prob. of protection)
- Relevant commodities available for hedging: propane & naphtha
- Limited Liquidity of Propane Paper Trade



# Historical CP Price 2002-2013 (Oct)

LPG World Price - CP Saudi Aramco (USD/Ton)





# October'13 Price Forecast & Banks' Indicative SWAP Prices

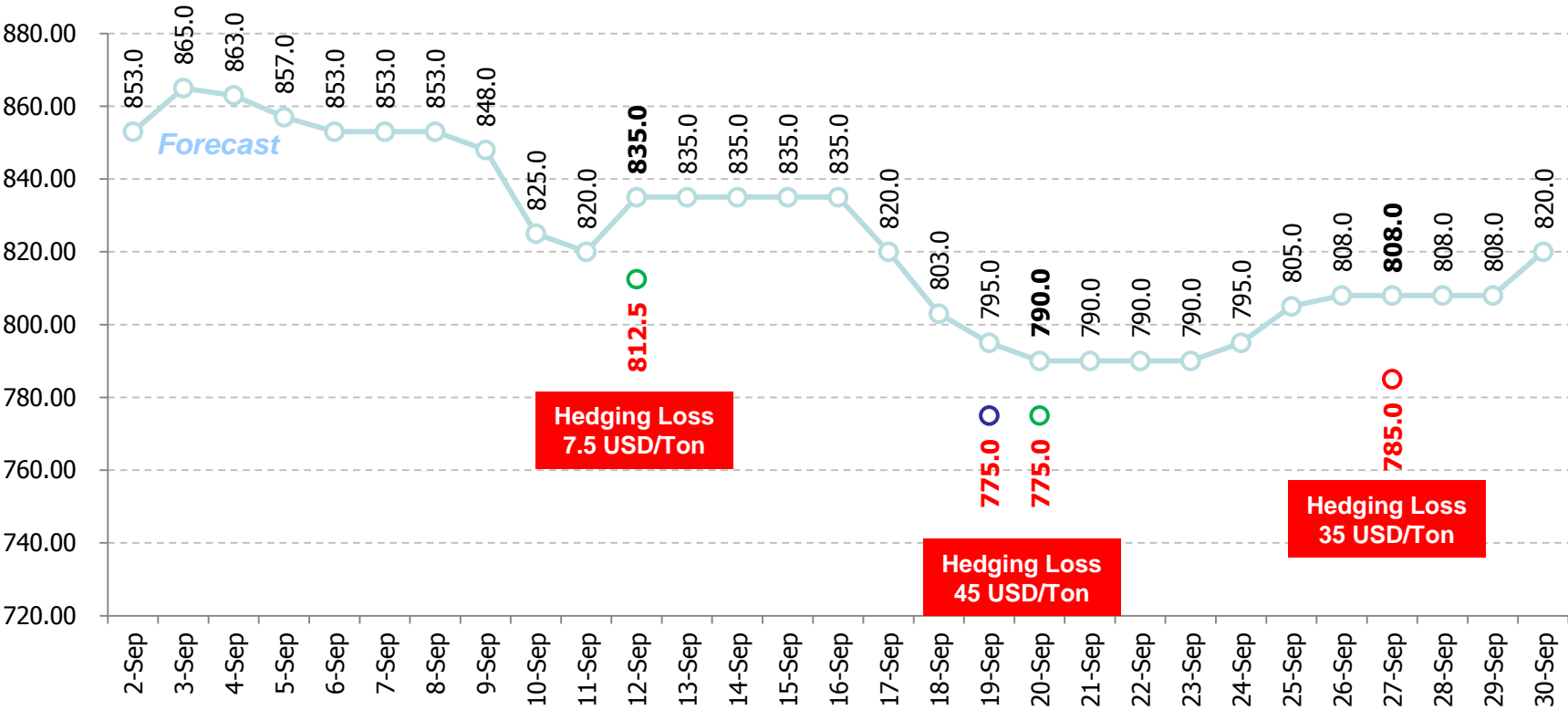
Hedging SCENARIO

C3 Price: SEP'13 : 850

C3 Price: OCT'13 : 820

USD/Ton

Oct'13 Propane Prices – Forecast & BANK's Indicative SWAP Prices



Date of Forecast Information & Bank's Price Quotation





# October'13 Price Forecast & Bank's Indicative Put-Option Price

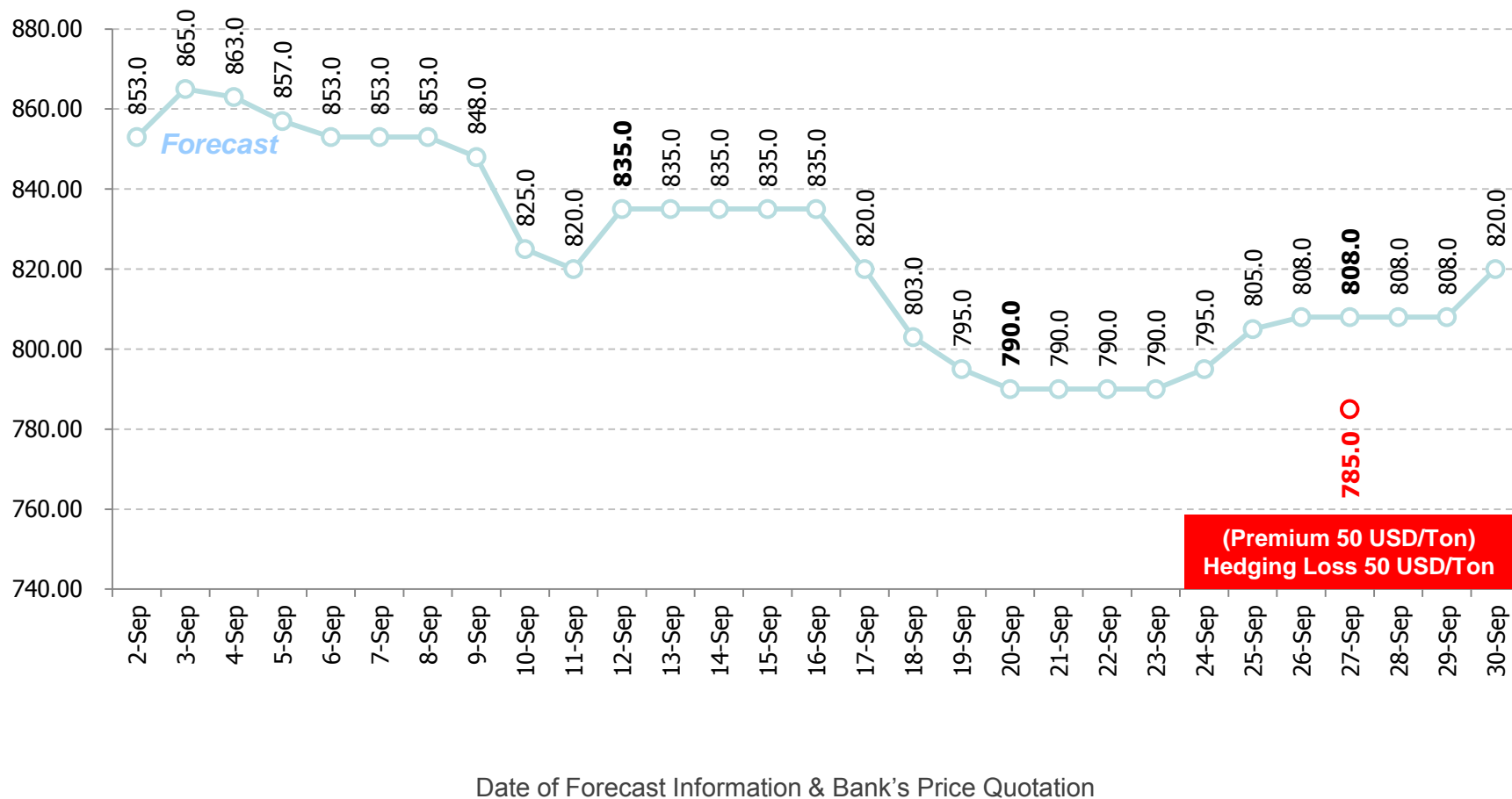
Hedging SCENARIO

C3 Price: SEP'13 : 850

C3 Price: OCT'13 : 820

USD/Ton

Oct'13 Propane Prices - Forecast & **BANK's Indicative Put-Option Strike Price**





# October'13 Price Forecast & Bank's Indicative 0-Cost Collar Prices

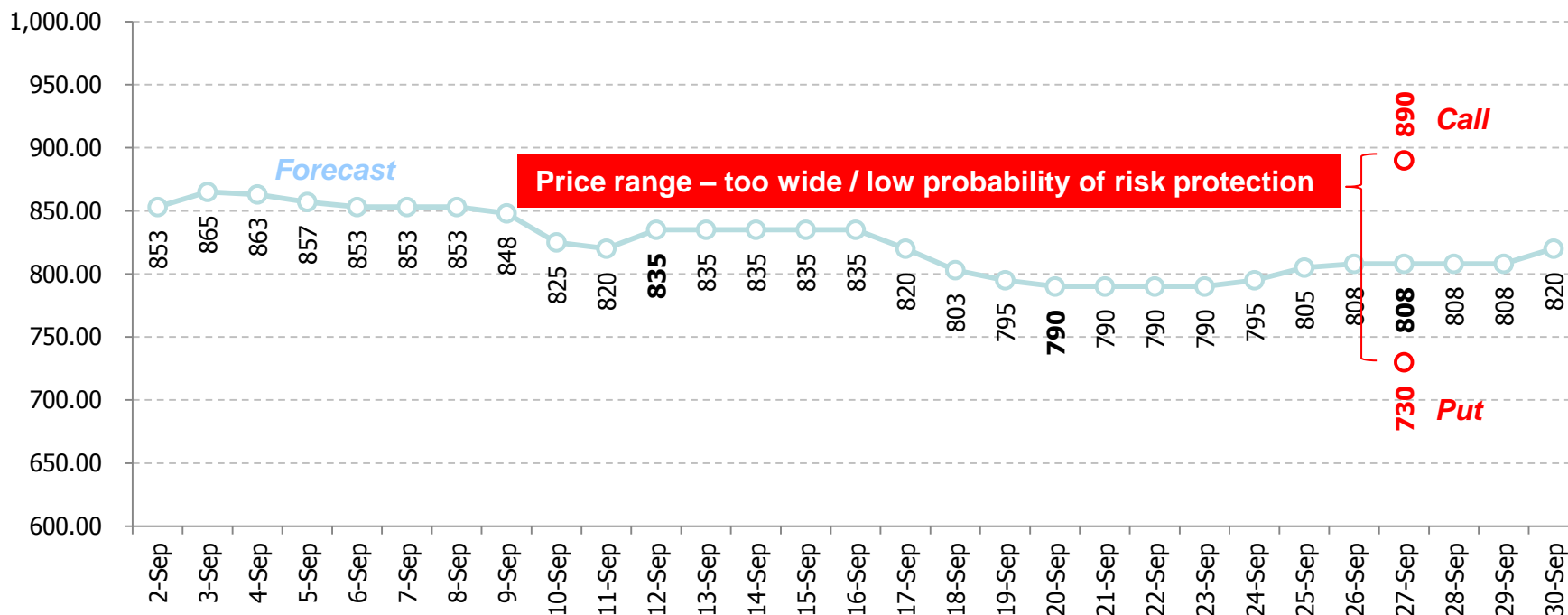
Hedging SCENARIO

C3 Price: SEP'13 : 850

C3 Price: OCT'13 : 820

USD/Ton

Oct'13 Propane Prices - Forecast & **BANK's Indicative Collar Prices**



Date of Forecast Information & Bank's Price Quotation