

(Translation)

SGP/SET-144

August 10, 2017

Subject Explanation of the change in operating results for the 2nd quarter and six-month period ended June 30, 2017 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, 2017 compared with the same period of the previous year as follows:-

For the three-month in Q2/2017 compared with the same period of the previous year

Siamgas and Petrochemicals Public Company Limited and its subsidiaries had the operating results in Q2/2017 with the net loss attributable to owners of the parent company of Baht 66.07 million which decreased by Baht 320.56 million or 125.96% compared with the same period in Q2/2016 which was the net profit attributable to owners of the parent company of Baht 254.49 million with main reasons as follows:

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

In Q2/2017, the Company and its subsidiaries had revenue from sales, revenue from transportation and revenue from services of Baht 13,372.33 million which increased by 7.32% or Baht 912.24 million compared with the same period in Q2/2016 of Baht 12,460.09 million which was a reason from increased in revenue of LPG trading business in locals and overseas. These mainly resulted from increased in sales volume and the LPG world price (CP Saudi Aramco) which was higher than the same period as the previous year. The average LPG world price for 3 months as at Q2/2017 and Q2/2016 was USD 412 per metric ton and USD 345 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 three-month ended 30 June, 2017 of Baht 290.91 million or equal to gross margin of 2.18% compared with the same period in Q2/2016 with gross profit of Baht 726.78 million or equal to gross margin of 5.83%. The gross profit decreased by Baht 435.87 million or 59.97% in Q2/2017 compared with the same period last year. Main reasons were from increased in sales volume and LPG world price which has mentioned as above.

3. Selling and administrative expenses

In Q2/2017, the Group of companies had selling and administrative expenses amounting to Baht 339.32 million, compared to Q2/2016 amounting to Baht 383.80 million which decreased by Baht 44.48 million or 11.59%. Main reasons were decreased from loss on exchange rate of the Group of companies amounting to Baht 12.30 million and the consultant fee amounting to Baht 5.31 million by compared to Q2/2016.

4. Financial Costs

In Q2/2017, the Group of companies had financial costs of Baht 102.73 million compared to Q2/2016 which was Baht 103.28 million, decreased by Baht 0.55 million.

For the six-month in Q2/2017 compared with the same period of the previous year

The Company and its subsidiaries had the operating results for the six-month period in Q2/2017 with the net profit attributable to Owners of the parent company of Baht 1,077.12 million which increased by Baht 782.46 million or 265.55% compared with the same period. In Q2/2016, the net Profit attributable to Owners of the parent company of Baht 294.66 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 Q2/2017 of Baht 27,713.34 million which increased by 15.33% or Baht 3,684.20 million compared with six-month period in Q2/2016 of Baht 24,029.14 million which was reason from increased in revenue LPG trading business in locals and overseas. These mainly resulted from increased in sales volume and the LPG world price (CP Saudi Aramco) which was higher than the same period of the previous year. The average LPG world price for 6 months as at Q2/2017 and Q2/2016 were of USD 466 per metric ton and USD 335 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, 2017 of Baht 1,934.09 million or equal to gross margin of 6.98% compared with the same period in Q2/2016 with gross profit of Baht 1,195.95 million or equal to gross margin of 4.98%. The gross profit increased by Baht 738.14 million or 61.72% in Q2/2017 compared with the same period last year. Main reasons were from increased in sales volume and LPG world price which has mentioned as above.

3. Selling and administrative expenses

In Q2/2017, the Group of companies had selling and administrative expenses amounting to Baht 667.52 million, compared to Q2/2016 amounting to Baht 718.36 million which decreased by Baht 50.84 million or 7.08%. Main reasons were decreased from loss on exchange rate of the Group of companies amounting to Baht 12.30 million and the consultant fee amounting to Baht 23.59 million by compared to Q2/2016.

4. Financial Costs

For the six-month ended June 30, 2017, the group of companies had financial costs of Baht 215.44 million compared with the same period of previous year which was Baht 201.07 million, increased by Baht 14.37 million as a result from the short term loan and long term loan were increased from loan for an investment in the power plant in Myanmar amounting to USD 28.20 million with interest rate at LIBOR 3M + 3.42% per annum and the total repayment is due within 3 years.

Please be informed accordingly,

Sincerely yours,

(Mrs. Jintana Kingkaew)

Deputy Managing Director