



Bor. Hor. 22/2020

10th August 2020

Subject: Report of 2nd Quarter 2020 Financial performances

**Attention: President
The Stock Exchange of Thailand**

The Company would like to report 2nd Quarter 2020 unaudited but reviewed consolidated financial performance of its Group.

Reference to the unaudited but reviewed financial statements ended 30th June 2020, Net Profit After Tax for the 2nd quarter 2020 stood at Baht 1,719 million or 63.3% increase as compared to Net Profit After Tax of Baht 1,053 million in the corresponding period of 2019. Details of the Company's performance are as follows:

1. Sales and services stood at Baht 6,542 million, reflecting a decrease of 39.3% from the same period of last year. This was mainly attributable to the sharp drop in Brent market price since the end of March 20 which had driven down all the products prices and also decrease in sale volume at several international subsidiaries affected by the COVID-19 pandemic. Nevertheless, the Brent market price has recovered to a sustainable level around US\$40/bbl recently. On the other hand, domestic asphalt sale volume increased significantly due to the delay and disbursement acceleration of the fiscal year 2020 government budget. While most regional refineries cut production during the Covid-19 crisis, the shortage of asphalt supply supported the strong recovery of asphalt selling price.



Cost of sales and services in the 2nd quarter 2020 stood at Baht 5,977 million or 91.4% (91.1% in corresponding quarter in 2019) of sales and services before the reversal of allowance for diminution in value of inventory and hedging loss. In addition, the company had a gain from the reversal of net realizable value (NRV) provision of Baht 2,103 million but recorded hedging loss of Baht 164 million in this quarter attributable to the recovery in market price of crude oil, asphalt and petroleum products.

2. Selling and administrative expenses stood at Baht 37 million and Baht 257 million, representing 0.6% and 3.9% of sales and services respectively. Comparatively, these expenses in the same period of 2019 stood at Baht 47 million and Baht 250 million or 0.4% and 2.3% of sales and services. The Company is committed to controlling overhead expenses while improving the operating gross profit margin.
3. The loss on exchange of Baht 52 million as compared to gain on exchange of Baht 99 million in the corresponding period of 2019 was due to a depreciation of the Baht against US Dollar in this quarter.
4. The refinery incurred additional operating expense of Baht 23 million in hiring alternative storage facilities for crude oil, logistic handling and other related expenses attributable to the crude oil tanks farm fire incident in 2018. All three crude oil tanks damaged during the fire were completely repaired, reconstructed and recommissioned for refinery operation during this quarter.
5. The Group's cashflow generated from operations increased to Baht 1,261 million compared to Baht 1,195 million in the corresponding period in 2019 due to improved performance during 2nd quarter of 2020 as compared to the corresponding period of 2019.



6. The Group's consolidated debt to equity ratio (D/E ratio) was 0.82 as compared to 1.13 in the corresponding period of 2019 due to the reduction of working capital financing for crude oil inventory.
7. Financial expense in the 2nd quarter 2020 of Baht 40 million as compared to Baht 53 million in the same period of prior year due to the reduction of interest rate.
8. Income tax in the 2nd quarter 2020 of Baht 398 million reflecting the normal corporate tax rate as compared to Baht 84 million in corresponding period in 2019 which was still enjoying ITC incentive tax regime.
9. The Net Profit After Tax of Baht 1,719 million for the 2nd quarter 2020 represented earnings per share of Baht 1.09 (par value of Baht 1 each) as compared to earnings per share of Baht 0.67 per share in corresponding quarter of 2019.

Please be informed accordingly.

Sincerely yours,

Mr. Chaiwat Srivalwat
Chief Executive Officer