



Bor. Hor. 037/2017

9th August 2017

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

Subject: Report of 2nd Quarter 2017 Financial performances

The Company is pleased to report 2nd Quarter 2017 unaudited but reviewed consolidated financial performance of its Group.

Reference to the unaudited but reviewed financial statements ended 30th June 2017, Net Profit After Tax for the 2nd quarter 2017 stood at Baht 344 million compared to Net Profit After Tax of Baht 689 million in the corresponding period of 2016. Details of the Company's performance are as follows:

- 1 Sales and services stood at Baht 8,211 million, reflecting an increase of 49.31% from the same period of last year, was mainly attributable to the increase of sale volume by 36.18% and also 34.5% higher selling prices. However, domestic sale volume and selling price reduced due to price adjustment from the exceptional price increase during the 1st quarter while demand weakened seasonally during and after the Songkran holidays. Bitumen export selling price also reduced in line with Brent price during the 2nd quarter. The market sentiment improved towards the end of the quarter and we saw a strong recovery in both demand and price.

Cost of sales and services in the 2nd quarter 2017 stood at Baht 7,405 million or 90.18% (79.16% in corresponding quarter in 2016) of sales and services before the allowance for diminution in value of inventory and hedging. This was mainly due to the high inventory cost brought forward from the 1st quarter as compared to Brent price dropped significantly to below 45\$/bbl before it recovered to 48.60\$/bbl after end of the 2nd quarter. However, the Company managed to maintain a stable margin in the tough and challenging market conditions. In addition, the Company booked a Baht 5.06 million loss from net realizable value (NRV) provision on inventory and at the same time incurred hedging cost of Baht 260.72 million as "mark to market" unrealized loss.

- 2 Selling and administrative expenses stood at Baht 38.5 million and Baht 251.8 million representing 0.47% and 3.07% of sales and services respectively. Comparatively, these expenses in the same period of 2016 stood at Baht 72.0 million and Baht 235.4 million or 1.31% and 4.28% of sales and services. The company is committed to controlling overhead expenses while improving the operating gross profit margin.
- 3 There was a recovery of doubtful account during 2nd quarter 2017 of Baht 36.3 million mainly from customers of the overseas subsidiaries in Cambodia and China. There was no net increase in allowance for doubtful accounts for domestic sales. The allowance



for doubtful accounts was based on the Company's policy for any debt outstanding more than 1 year to be fully provided.

- 4 The Group's cashflow generated from operations stood at Baht 850.41 million compared to Baht 734.38 million in corresponding period in 2016. This cashflow reflects a robust cash generation from the Company and subsidiaries operations.
- 5 The Group's consolidated debt to equity ratio (D/E ratio) remained low at 0.47 comparing to 0.55 in corresponding period in 2016 due to decrease in long-term loan and lower working capital financing.
- 6 Financial expense in the 2rd quarter 2017 increased to Baht 29.06 million from Baht 26.42 million when compared with the same period of prior year due to the increase in interest rate.
- 7 Net Profit After Tax of Baht 344 million for the 2nd quarter 2017 represented earning per share of Baht 0.22 (par value of Baht 1 each) compared to Baht 0.45 per share in corresponding quarter of 2016 attributable to the equity shareholders of the Company.

Please circulate the above information to the public accordingly.

Sincerely yours,

Mr. Chaiwat Srivalwat
Managing Director