



Bor. Hor. 019/2021

11th August 2021

Subject: Management Discussion and Analysis Quarter 2 Ending 30th June 2021

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

The Company would like to report the 2nd quarter 2021 unaudited but reviewed consolidated financial performance of its Group. Reference to the unaudited but reviewed consolidated financial statements ended 30th June 2021, net profit after tax for the 2nd quarter 2021 stood at Baht 868 million or a 49.5% decrease as compared to the net profit after tax of Baht 1,719 million in the corresponding period of 2020. Details of the Company's 2nd quarter consolidated performance are as follows:

1. Sales and services stood at Baht 7,041 million, reflecting an increase of 7.6% from the same period of last year. This was mainly attributed to the hike in asphalt selling price related to the global oil market price increase in this quarter. However, there was a reduction in sales volume, in particular our international market which was affected by the COVID-19 pandemic.

Cost of sales and services stood at Baht 5,262 million or 74.7% (91.4% in corresponding quarter in 2020) of sales and services before the reversal of allowance for diminution in value of inventory and hedging loss. The improvement in gross profit was mainly due to the increase in average retail asphalt selling price as compared to the inventory cost together with an increase in emphasis towards retail sales rather than international trading sales. In addition, the Company recorded Baht 471 million losses from price hedging contracts because of increase in the global market price for crude oil, asphalt, and petroleum products.



2. Selling and administrative expenses stood at Baht 39 million and Baht 271 million, representing 0.5% and 3.5% of sales and services income and revenue from construction, respectively. Comparatively, these expenses in the same period of 2020 stood at Baht 37 million and Baht 257 million or 0.6% and 3.9% of sales and services income. The Company is committed to controlling overhead expenses while improving the operating gross profit margin.
3. Gain on foreign exchange was Baht 13 million as compared to the loss on exchange of Baht 52 million in the corresponding period of 2020 due to the depreciation of Baht against US Dollar in this quarter.
4. The Group's cashflow generated from operations stood at Baht 956 million as compared to Baht 1,259 million in the corresponding period of 2020 mainly resulted from the reduction of sales volume of international market as compared to same period of last year.
5. The Group's consolidated debt to equity ratio (D/E ratio) was 0.72 comparing to 0.82 in the corresponding period a year ago due to operating gain in this quarter and the reduction of short-term loans used for working capital financing.
6. The profit after tax of Baht 868 million for the 2nd quarter 2021 represented earnings per share of Baht 0.55 (par value of Baht 1 each) as compared to earnings per share of Baht 1.09 in the corresponding quarter of 2020.



Please be informed accordingly.

Sincerely yours,

A handwritten signature in black ink, consisting of stylized Thai characters, is written above a horizontal line.

Mr. Chaiwat Srivalwat
Chief Executive Officer