



**Bor. Hor. 039/2015**

**27<sup>th</sup> May 2015**

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

**Subject: Report of 1<sup>st</sup> Quarter 2015 Financial performances (Revised)**

The Company is pleased to report 1<sup>st</sup> quarter 2015 unaudited but reviewed consolidated financial performance of its Group.

Reference to the unaudited but reviewed financial statements ended 31<sup>st</sup> March 2015; the Company's Net Profit After Tax for the 1<sup>st</sup> quarter stood at Baht 1,126 million compared to Net Profit After Tax of Baht 254 million in the corresponding period 2014. Details are as follows:

- 1 Sales and services stood at Baht 8,264 million reflecting a decrease of almost 31% from the same period last year. This decrease in revenue was mainly attributable to an abruptly drop in selling price in accordance with the plunge in crude price during the fourth quarter of 2014 that carried into 1<sup>st</sup> quarter of 2015. Nevertheless, sales volume for asphalt emulsion and asphalt cement increased significantly because demand in the export and domestic market was exceptionally strong in this quarter. As a consequence, the Group's operations in refinery, logistic and customer support service were tested to its fullest.
- 2 Cost of sales and services in the 1<sup>st</sup> quarter 2015 stood at Baht 7,052 million or 85.33% (95.59% in corresponding quarter in 2014) of sales and services before the allowance for diminution in value of inventories that had been adequately hedged. The significantly improvement of the overall gross profit margin was mainly due to the increase in asphalt prices arising from strong demand in both export and domestic market, and also a stable crude cost in the market.

Brent crude price started at USD 58.02 on the first trading day of 2015 but stayed within a range from USD 46.59 to USD 62.53 and ended at USD 55.11 on 31<sup>st</sup> March 2015. We are pleased to say that the company's hedging strategy has been effective in managing our crude cost and as a result, reduced the hedging exposure substantially.

- 3 Since petroleum product prices were stabilised within a trading range, the result of hedging in Q1 was a low hedging loss of Baht 6 million as compared to a hedging gain of Baht 45 million in Q1 2014. In additions, there was a reversal of net realizable value (NRV) provision of Baht 366 million on the crude inventory.
- 4 Selling and administrative expenses stood at Baht 38 million and Baht 154 million representing 0.46%, and 1.86% of sales and services, respectively. Comparatively, these expenses in the same period 2014 stood at Baht 34 million and Baht 160 million or 0.28% and 1.33% of sales and services. The company is committed to controlling these overheads while improving the operating gross profit margin.



- 5 The allowance for doubtful accounts in Q1 of 2015 was Baht 99.93 million compared to Baht 3.20 million in the same period of previous year. The increase was mainly due to a prolonged debt settlement by certain customers of an overseas subsidiary in China. However, the allowance for doubtful accounts was based on the prudent Group's policy for any debt outstanding more than 1 year to be fully provided. According to our collection experience, we believe that most of these debts are collectible within next two years.
- 6 The Group cashflow generated from operations improved significantly to Baht 1,345 million compared to Baht 660 million in the corresponding period in 2014.
- 7 The Group's consolidated debt to equity ratio (D/E ratio) has continued to improve to 0.97 from 1.47 due to better crude to cash conversion cycle in 1<sup>st</sup> quarter 2015 as compared to corresponding quarter in 2014. Furthermore, the D/E ratio (long-term borrowing/Equity) excluding short-term crude inventory financing has also decreased to 0.42 from 0.49.
- 8 Financial expense in the 1<sup>st</sup> quarter 2015 was Baht 54 million, similar to financial expense in the same period of 2014 of Baht 55 million.
- 9 The Net Profit After Tax of Baht 1,126 million for the 1<sup>st</sup> quarter 2015 represented earning per share of Baht 0.73 (par value of Baht 1 each) compare to Baht 0.17 per share in corresponding quarter of 2014 attributable to the equity shareholders of the Company.

Please circulate the above information to the public accordingly.

Sincerely yours,

Mr. Chaiwat Srivalwat  
Managing Director