



14 May 2020

Subject: Management Discussion and Analysis (MD&A) of the Company for the first quarter of the year 2020

To : President  
The Stock Exchange of Thailand

WP Energy Public Company Limited (hereinafter refer to as “the Company”) and its subsidiaries (hereinafter refer to as “the Group”) would like to report change in operating result of the company for the first quarter of the year 2020 for more than 20% from the same period of last year as follows;

For the first quarter of the year 2020, net profit of the Group was Baht 40.59 million, decreasing Baht 28.23 million or 41.02% from Baht 68.82 million in the first quarter of the year 2019.

Please see further details in the “Management Discussion and Analysis of the Operating Performance for the first quarter of the year 2020” as attached herewith.

Please be informed accordingly

Your sincerely,

- Noppavong Omathikul -

Deputy Chief Executive Officer in Finance and Corporate Support

## Management Discussion and Analysis (MD&A) of the Operating Performance for the first quarter of the year 2020

The Group reported the performance for the first quarter of the year 2020 ended 31 March 2020, the Group's net profit was at Baht 40.59 Million, decreasing Baht 28.23 Million or 41.02% compared with the first quarter of the year 2019. The total revenue was at Baht 3,469.77 million, decreasing Baht 101.75 million or 2.85% compared with the same period last year. In addition, The Group reported EBITDA of Baht 136.68 Million, decreasing Bath 20.95 million or 13.29%. The key summaries are as follows;

*Table of key financial results*

(Unit: Million Baht)	Quarter 1 2020	Quarter 1 2020	Increase (Decrease) Amount	Increase (Decrease) %
Total Revenue	3,469.77	3,571.53	-101.75 ↓	-2.85% ↓
Revenue from Sales and Services	3,419.24	3,522.49	-103.25 ↓	-2.93% ↓
Net Profit	40.59	68.82	-28.23 ↓	-41.02% ↓
Net Profit Margin (%)	1.17%	1.93%	-0.76 pp ↓	
EBITDA	136.68	157.63	-20.95 ↓	-13.29% ↓

### 1) Revenue from Sales and Services

In the first quarter of the year 2020, the Group's revenue from Sales and Services was Baht 3,419.24 million, decreasing Baht 103.25 million or 2.93% from Baht 3,522.49 million when compared to the same period last year due to the decrease in LPG sales volume from 189,658 tons to 187,188 tons. The decreasing was mainly from the shrinkage demand of LPG consumption from COVID 19.

### 2) Selling expenses

In 2019, the Group's selling expenses was slightly increased to Baht 69.72 million, accounting for 2.04% of Revenue from Sales and Services, increasing Baht 6.19 million or 9.75% from the same period last year due to the increasing in selling and advertising expensed of Baht 4.08 million mainly from marketing activities to support and promote brand "World Gas" which received a good feedback.

In addition, the Group had jointly created a Marketing campaign for helping Thai society during COVID 19 crisis by supporting medical staffs and helping the COVID 19's victims.

(Unit: Million Baht)	Quarter 1	Quarter 1	Increase (Decrease)	Increase (Decrease)
	2020	2020	Amount	%
Selling Expense	69.72	63.53	6.19 ↑	9.75% ↑

### 3) Administrative Expenses

In the first quarter of year 2020, the Group's administrative expenses was Baht 90.58 million, accounting for 2.65 % of Revenue from Sales and Services which slightly increased from the same period of last year.

(Unit: Million Baht)	Quarter 1	Quarter 1	Increase (Decrease)	Increase (Decrease)
	2020	2020	Amount	%
Administrative Expense	90.58	87.77	2.81 ↑	3.20% ↑

### 4) Profits

In the first quarter of year 2020, the Group reported gross profit of Baht 164.35 million or gross profit margin 4.81% and net profit of Baht 40.59 million or net profit margin 1.17%. The Group's gross profit and net profit decreased by Baht 25.50 million or 13.43% and Baht 28.23 million or 41.02% from the first quarter of year 2019 respectively. In addition, the Group's EBITDA was Baht 136.68 million, decreasing by 13.29%.

The main reason of the decreasing in net profits was resulted from the announcement of the government on the LPG price reduction since March 24, 2020. LPG price was reduced from 17.1795 baht / kg to 14.3758 baht / kg or decreased 2.8037 baht / kg to help with the COVID 19 situation resulted in stock loss and affected the Group's profit margin in the first quarter of year 2020.

(Unit: Million Baht)	Quarter 1 2020	Quarter 1 2020	Increase (Decrease) Amount	Increase (Decrease) %
Gross Profit (Exclude Other Income)	164.35	189.85	-25.50 ↓	-13.43% ↓
Gross Profit Margin (Exclude Other Income) (%)	4.81%	5.39%	-0.58 pp ↓	
Net Profit	40.59	68.82	-28.23 ↓	-41.02% ↓
Net Profit Margin(%)	1.17%	1.93%	-0.76 pp ↓	

## 5) Financial Status

As of 31 March 2020, The Group's total assets increased by 2.77% from Baht 6,048.99 million at the end of year 2019 to Baht 6,216.52 million at the end of the first quarter of year 2020. The Group's total liabilities increased by 4.85% from Baht 4,753.93 million at the end of last year to Baht 4,984.57 million at the end of the first quarter of year 2020 and the Group's total equity decreased by 4.87% from Baht 1,295.06 Million at the end of last year to Baht 1,231.96 million at the end of the first quarter of year 2020. The decreasing in the Group's total equity was due to the payment of interim dividend at 0.20 Baht/share in February 2020.

For The group's financial status in the first quarter of year 2020, the Group's Debt to Equity ratio (D/E) was at 4.05 times increasing from 3.67 times at the end of last year and Interest Bearing Debt to Equity ratio (IBD/E) was at 0.49 times increasing from 0.14 times at the end of last year due to the Group had increased in exposure from the adoption of new financial reporting standards in early 2020 and the result of dividend payment from unappropriated retained earnings.

(Unit: Million Baht)	As of 31 March 2020	As of 31 December 2020	Increase (Decrease) Amount	Increase (Decrease) %
Total Assets	6,216.52	6,048.99	167.54 ↑	2.77% ↑
Total Liabilities	4,984.57	4,753.93	230.64 ↑	4.85% ↑
Interest Bearing Debt	598.88	183.41	415.47 ↑	226.53% ↑
Shareholder's Equity	1,231.96	1,295.06	-63.10 ↓	-4.87% ↓
D/E ratio (x)	4.05	3.67	0.38 ↑	
IBD/E ratio (x)	0.49	0.14	0.34 ↑	



## 6) Cash Flow

As of 31 March 2020, the Group had cash and cash equivalents of Baht 458.74 Million and short-term investments in money market and bond market of Baht 408.77 million which mainly from operating activities. Each year, the Group had an average EBITDA of approximately Baht 500-600 million which was sufficient for operations and expanding in the future.