



11 August 2020

Subject: Management Discussion and Analysis (MD&A) of the Company for the second 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 second quarter of the year 2020 for more than 20% from the same period of last year as follows;

For the second quarter of the year 2020, net profit of the Group was Baht 16.97 million, decreasing Baht 36.22 million or 68.10 % from Baht 53.19 million in the second quarter of the year 2019.

Please see further details in the “Management Discussion and Analysis of the Operating Performance for the second 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 second quarter of the year 2020

The Group reported the performance for the second quarter of the year 2020 ended 30 June 2020, the Group's net profit was at Baht 16.97 Million, decreasing Baht 36.22 Million or 68.10% compared with the second quarter of the year 2019. The total revenue was at Baht 2,543.95 million, decreasing Baht 935.03 million or 26.88% compared with the same period last year. In addition, the Group reported EBITDA of Baht 107.80 Million, decreasing Baht 32.07 million or 22.93%. The key summaries are as follows;

### Table of key financial results

(Unit: Million Baht)	Quarter 2 2020	Quarter 2 2019	Increase (Decrease) Amount	Increase (Decrease) %
Total Revenue	2,543.95	3,478.98	-935.03 ↓	-26.88% ↓
Revenue from Sales and Services	2,505.66	3,421.97	-916.30 ↓	-26.78% ↓
Net Profit	16.97	53.19	-36.22 ↓	-68.10% ↓
Net Profit Margin (%)	0.67%	1.53%	-0.86 pp ↓	
EBITDA	107.80	139.87	-32.07 ↓	-22.93% ↓

### 1) Revenue from Sales and Services

In the second quarter of the year 2020, the Group's revenue from Sales and Services was Baht 2,505.66 million, decreasing Baht 916.30 million or 26.78% from Baht 3,421.97 million when compared to the same period last year due to the decrease in LPG sales volume from 185,384 tons to 159,918 tons. The decreasing was mainly from the shrinkage demand of LPG consumption from COVID 19. In the first half of 2020, total domestic LPG sales declined 13.3 percent, while the Group's sales decreased 7.0 percent.

However, 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 resulting in the decreasing of Revenue from Sales and Services when compared to the same period last year while LPG cost had also decreased.

## 2) Selling expenses

In the second quarter of the year 2020, the Group's selling expenses was decreased to Baht 48.47 million, accounting for 1.93% of Revenue from Sales and Services, decreasing Baht 31.84 million or 39.65% from the same period last year since of the reducing in sale volume due to the impact of the COVID 19. Therefore, the Group's selling expenses was decreased subsequently. In addition, the group also reduced the cost of marketing and advertising activities during the crisis period as well.

(Unit: Million Baht)	Quarter 2	Quarter 2	Increase (Decrease)	Increase (Decrease)
	2020	2019	Amount	%
Selling Expense	48.47	80.30	-31.84 ↓	-39.65% ↓

## 3) Administrative Expenses

In the second quarter of year 2020, the Group's administrative expenses was Baht 81.60 million, accounting for 3.26 % of Revenue from Sales and Services , decreasing Baht 14.85 million or 15.39% from the same period last year due to the Group controlled expenses and budget disbursements efficiently.

(Unit: Million Baht)	Quarter 2	Quarter 2	Increase (Decrease)	Increase (Decrease)
	2020	2019	Amount	%
Administrative Expense	81.60	96.44	-14.85 ↓	-15.39% ↓

## 4) Profit

In the second quarter of year 2020, the Group reported gross profit of Baht 118.03 million or gross profit margin 4.71% and net profit of Baht 16.97 million or net profit margin 0.67%. The Group's gross profit and net profit decreased by Baht 67.67 million or 36.44% and Baht 36.22

million or 68.10% from the second quarter of year 2019 respectively. In addition, the Group's EBITDA was Baht 107.80 million, decreasing by 22.93%.

The main reason of the decreasing in net profit was resulted from the shutdown of many business sectors as the impact of the COVID 19 situation which affected the Group's sales volume.

(Unit: Million Baht)	Quarter 2 2020	Quarter 2 2019	Increase (Decrease) Amount	Increase (Decrease) %
Gross Profit (Exclude Other Income)	118.03	185.71	-67.67 ↓	-36.44% ↓
Gross Profit Margin (Exclude Other Income) (%)	4.71%	5.43%	-0.72 pp ↓	
Net Profit	16.97	53.19	-36.22 ↓	-68.10% ↓
Net Profit Margin(%)	0.67%	1.53%	-0.86 pp ↓	

## 5) Financial Status

As of 30 June 2020, the Group's total assets was at Baht 6,069.12 million, increased by 0.33% from Baht 6,048.99 million at the end of year 2019. The Group's total liabilities increased by 2.90% from Baht 4,753.93 million at the end of last year to Baht 4,891.73 million at the end of the second quarter of year 2020 and the Group's total equity decreased by 9.09% from Baht 1,295.06 Million at the end of last year to Baht 1,177.39 million at the end of the second quarter of year 2020. The decreasing in the Group's total equity was due to the payment of interim dividend at 0.25 Baht/share in February and May 2020 and the stock repurchase of Baht 45.81 million during the second quarter of year 2020.

For The group's financial status in the second quarter of year 2020, the Group's Debt to Equity ratio (D/E) was at 4.15 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's debt 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 and the payment of stock repurchase.



	As of 30 June	As of 31 December	Increase (Decrease)	Increase (Decrease)
(Unit: Million Baht)	2020	2019	Amount	%
Total Assets	6,069.12	6,048.99	20.13 ↑	0.33% ↑
Total Liabilities	4,891.73	4,753.93	137.80 ↑	2.90% ↑
Interest Bearing Debt	579.05	183.41	395.64 ↑	215.71% ↑
Shareholder's Equity	1,177.39	1,295.06	-117.67 ↓	-9.09% ↓
D/E ratio (x)	4.15	3.67	0.48 ↑	
IBD/E ratio (x)	0.49	0.14	0.35 ↑	

## 6) Cash Flow

As of 30 June 2020, the Group had cash and cash equivalents of Baht 612.72 Million and short-term investments in money market and bond market of Baht 129.19 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.