

August 9<sup>th</sup>, 2017

Subject: Management discussion and analysis for the second quarter and six-month period ended 30 June 2017

To: The President  
The Stock Exchange of Thailand

Goodyear (Thailand) Public Company Limited ("Company") would like to explain the reasons for the more than 20% change in revenue or net profit for the second quarter and six-month period ended 30 June 2017 when compared to the same period of the year 2016:

The Company's net profit for the second quarter ended 30 June 2017 was Baht 11 Million, a material decrease when compared to the same period of 2016 of Baht 40 Million, or 78%. The net profit for the six-month period ended 30 June 2017 was Baht 12 Million, a material decrease when compared to the same period of 2016 of Baht 98 Million, or 89%. These were due to an impact of foreign currency transaction, higher Cost of sales and Selling and administration expenses.

- 1) Revenue from sales: The Company's net sales for the second quarter ended 30 June 2017 was Baht 1,019 Million, an increase when compared to the same period of 2016 of Baht 96 Million, or 10%. The net sales for the six-month period was Baht 1,981 Million, an increase when compared to the same period of 2016 of Baht 71 Million, or 4%. These were due to a primarily increase from exports.
- 2) Cost of sales: The Company's cost of goods sold for the second quarter ended 30 June 2017 represented 84% of net sales which was higher when compared to the same period of 2016 which was 79% of net sales. The Company's cost of goods sold for the six-month period ended 30 June 2017 represented 83% of net sales which was higher when compared to the same period of 2016 which was 78% of net sales. This was related to the continuation of raw material increase and higher conversion costs per tire.
- 3) Selling and administration expenses: The Company's selling and administration expenses for the second quarter ended 30 June 2017 was Baht 148 Million, an increase when compared to the same period of 2016 of Baht 13 Million. The selling and administration expenses for the six-month period ended 30 June 2017 was Baht 300 Million, an increase when compared to the same period of 2016 of Baht 37 Million. These were due to an increase of selling expenses from the external warehouse cost and allowance of doubtful accounts.

The Company's total assets for the six-month period ended 30 June 2017 was Baht 5,288 Million, an increase of Baht 3 Million from the year ended period ended 31 December 2016. These were mainly due to 1) higher property, plant and equipments net 2) higher inventories and 3) lower cash and cash equivalents. The cash and cash equivalents decrease 42% from the year ended period ended 31 December 2016 were from the investment cost of the expansion of aviation tires and dividend payout in May.

Above is for your information.

Yours sincerely,



Mr. Finbarr O' Connor  
Managing Director  
Goodyear (Thailand) Public Company Limited