

November 7, 2017

Subject: Management discussion and analysis for the third quarter and nine-month period ended 30 September 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 third quarter and nine-month period ended 30 September 2017 when compared to the same period of the year 2016:

The Company's net profit for the third quarter ended 30 September 2017 was Baht 26 Million, a decrease when compared to the same period of 2016 of Baht 53 Million, or 51%. The net profit for the nine-month period ended 30 September 2017 was Baht 38 Million, a material decrease when compared to the same period of 2016 of Baht 163 Million, or 77%. This was due to the higher Cost of raw materials.

- 1) Revenue from sales: The Company's net sales for the third quarter ended 30 September 2017 was Baht 1,033 Million, an increase when compared to the same period of 2016 of Baht 37 Million, or 4%. The net sales for the nine-month period was Baht 3,013 Million, an increase when compared to the same period of 2016 of Baht 108 Million, or 4%. These were due to an adjustment of price according to an increase of raw materials cost.
- 2) Cost of sales: The Company's cost of goods sold for the third quarter ended 30 September 2017 represented 82% of net sales which was higher when compared to the same period of 2016 which was 78% of net sales. The Company's cost of goods sold for the nine-month period ended 30 September 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.
- 3) Selling and administration expenses: The Company's selling and administration expenses for the third quarter ended 30 September 2017 was Baht 141 Million, an increase when compared to the same period of 2016 of Baht 2 Million. The selling and administration expenses for the nine-month period ended 30 September 2017 was Baht 441 Million, an increase when compared to the same period of 2016 of Baht 39 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 nine-month period ended 30 September 2017 was Baht 5,470 Million, an increase of Baht 185 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 50% 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