

**THAI PLASTIC AND CHEMICALS PUBLIC COMPANY LIMITED**  
**Management Discussion and Analysis**  
**Quarter 1/2014**

(Unreviewed Consolidated Financial Statements)

**Business Overview**

Thai Plastic and Chemicals Public Company Limited (TPC) and its subsidiaries reported Q1'14 net profit at 329 million Baht, decreased by 253 million Baht compared to the same period of last year.

**Price Situation and Sales Volume**

PVC prices in Q1'14 were higher compared with Q1'13 due to increased PVC demand in this region. The average PVC price in Q1'14 was at US\$ 1,045/MT which increased by US\$ 18/MT compared with the same period of the prior year.

The average price of ethylene in Q1'14 was at US\$ 1,441 /MT which increased by US\$ 46/MT compared with the same quarter of last year, resulting from tight supply from Northeast Asia region due to turnaround of many producers. The EDC price increased to US\$ 461 /MT from US\$ 367 /MT of the same period of the previous year, resulting from tight supply from Middle East region of which the plant was not operated at full capacity.

From the changes of PVC and raw material prices above, the PVC – Ethylene gap was at US\$ -396 /MT which decreased by US\$ 28/MT and the PVC – EDC gap was at US\$ 584 /MT, decreasing by US\$ 76 /MT compared with the same period of last year.

The domestic sales volume in Q1'14 was nearly the same as Q1'13. Overseas sales volume in Q1'14 increased by 6% compared with the same period of the previous year, resulting from stronger demand from South Asia region together with operating rate reduction due to higher production cost.

**Consolidated Operating Results of Q1/2014** (Unreviewed Consolidated Financial Statements)

TPC and its subsidiaries reported sales and services income at 8,175 million Baht which increased by 6% from the same period of last year, resulting from the increase in both sales volume and selling price.

The proportions of sales were 65% from PVC businesses, 33% from downstream businesses and 2% from other revenue, respectively. The 82% of total revenue from sales and services came from sales of companies in Thailand and the 18% came from sales of overseas subsidiaries.

TPC and its subsidiaries' net profit of Q1'14 was at 329 million Baht which decreased by 253 million Baht or 44 % due to lower operating profit resulting from decreased gap between selling price and main raw material prices.

As of March 31, 2014, TPC and its subsidiaries held a Debt to Equity Ratio at 0.58, increased from 0.47 at the end of last year, mainly from the increase of accrued dividend.

TPC  
April 29, 2014