

THAI PLASTIC AND CHEMICALS PUBLIC COMPANY LIMITED
Management Discussion and Analysis
Quarter 2/2014
(Unreviewed Consolidated Financial Statements)

Business Overview

Thai Plastic and Chemicals Public Company Limited (TPC) and its subsidiaries reported Q2'14 net profit at 0.2 million Baht, decreased by 548.8 million Baht compared to the same period of last year.

Price Situation and Sales Volume

PVC prices in Q2'14 were higher compared with Q2'13 due to increased PVC demand in this region. Therefore, PVC price in Q2'14 was at US\$ 1,026/MT which increased by US\$ 48/MT compared with the same period of the prior year.

The average price of ethylene in Q2'14 was at US\$ 1,447/MT which increased by US\$ 183/MT compared with the same quarter of last year, resulting from tight supply from Japan. The EDC price increased to US\$ 471/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 – EDC– Ethylene gap was at US\$ 307 /MT which decreased by US\$ 80 /MT compared with the same period of last year.

The domestic sales volume in Q2'14 was decreased by 2% and overseas sales volume in Q2'14 decreased 38% compared with the same quarter of the previous year, due to PVC production volume is lower than plan which resulting from the Annual Plant Turnaround.

Consolidated Operating Results of Q2/2014 (Unreviewed Consolidated Financial Statements)

TPC and its subsidiaries reported sales and services income at 7,485 million Baht which decreased by 8% from the same period of last year, resulting from the decrease in sales volume.

The proportions of sales were 67% from PVC businesses, 30% from downstream businesses and 3% from other revenue, respectively. The 79% of total revenue from sales and services came from sales of companies in Thailand and the 21% came from sales of overseas subsidiaries.

TPC and its subsidiaries' net profit of Q2'14 was at 0.2 million Baht which decreased by 548.8 million Baht or 100 %, resulting from the Annual Plant Turnaround, together with the lower gap between selling price and main raw materials price.

For first half operating results of 2014, TPC and its subsidiaries reported the revenue from sales and services at 15,660 million Baht which decreased by 1% from the same period of last year, while consolidated net profit was at 329 million Baht which decreased by 71% from the same period of last year, resulting from the Annual Plant Turnaround, together with the lower gap between selling price and main raw materials price.

As of June 30, 2014, TPC and its subsidiaries held a Debt to Equity Ratio at 0.53, increased from 0.47 at the end of last year, mainly from annual dividend payment to shareholders.

TPC
July 29, 2014