

THAI PLASTIC AND CHEMICALS PUBLIC COMPANY LIMITED

Management Discussion and Analysis

Quarter 4/2014 and Year 2014

(Unaudited Consolidated Financial Statements)

Business Overview

Thai Plastic and Chemicals Public Company Limited (TPC) and its subsidiaries reported Q4'14 net profit at 121 million Baht, decreased by 443 million Baht compared to the same period of last year. For whole year 2014, Net profit was at 849 million Baht, decreased by 1,756 million Baht compared with the previous year.

Operating Results of Quarter 4/2014

Price Situation and Sales Volume

PVC prices in Q4'14 were lower compared with Q4'13 due to decreased main raw material prices from crude oil price collapse. Therefore, PVC price in Q4'14 was at US\$ 948/MT which decreased by US\$ 57/MT compared with the same period of the prior year.

The average price of ethylene in Q4'14 was at US\$ 1,214/MT which decreased by US\$ 213/MT compared with the same quarter of last year. The EDC price increased to US\$ 391/MT from US\$ 373/MT of the same period of the previous year, resulting from price of Caustic Soda which is EDC Co-product was still low from excess supply.

From the changes of PVC and raw material prices above, the PVC – EDC– Ethylene gap was at US\$ 348 /MT which decreased by US\$ 22 /MT compared with the same period of last year.

The domestic sales volume in Q4'14 was decreased by 9% and overseas sales volume decreased 16% compared with the same quarter of the previous year, due to crude oil drop price and imported PVC from China.

Consolidated Operating Results of Q4/2014 (Unaudited Consolidated Financial Statements)

TPC and its subsidiaries reported sales and services income at 7,887 million Baht which decreased by 6% from the same quarter of last year, mainly from the decrease in selling price.

TPC and its subsidiaries' net profit of Q4'14 was at 121 million Baht which decreased by 443 million Baht or 79 % compared with the same period of prior year, resulting from the lower gap between selling price and main raw materials price.

Operating Results of Year 2014

Price Situation and Sales Volume

The average PVC selling price in 2014 was at US\$ 1,015/MT increased by US\$ 8/MT from 2013, resulting from increased whole year demand and main material price.

The average price of ethylene in 2014 was at US\$ 1,395/MT, which increased by US\$ 43/MT compared with 2013, resulting from tight supply from plant maintenance in Asia. The EDC price increased from US\$ 361/MT to US\$ 442/MT due to tight supply in 1st half 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\$ 332 /MT which decreased by US\$ 68 /MT compared with the same period of last year.

The domestic sales volume in 2014 was decreased by 3% and overseas sales volume decreased 18% compared with the previous year, due to plant turnaround in 1st half and low cost PVC from China.

Consolidated Operating Results of 2014 (Unaudited Consolidated Financial Statements)

TPC and its subsidiaries reported sales and services income at 31,870 million Baht which decreased by 502 million Baht or 2% from last year, due mainly to the decrease of sales volume.

The proportions of sales were 67% from PVC businesses, 30% from downstream businesses and 3% from other revenue, respectively. The 81% of total revenue from sales and services came from sales of companies in Thailand and the 19% came from sales of oversea subsidiaries.

TPC and its subsidiaries' reported consolidated net profit at 849 million Baht which decreased 67%, resulting from the Annual Plant Turnaround together with the lower gap between selling price and main raw materials price.

As of December 31, 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
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