9th August, 2017

Subject: Management Discussion & Analysis (MD&A) for the 2nd quarter of 2017
Attention: The President
The Stock Exchange of Thailand

The Company wishes to present the Management Discussion & Analysis (MD&A) on the operating and financial status for the 2nd quarter of 2017. The MD&A would enable the investors to better understand the Company and its subsidiaries' 2nd quarter of 2017 reviewed financial statements.

<u>An Analysis of Performance</u> *

<u>Analysis of Income</u>

The Company and its subsidiaries recorded the total revenues of 4,581 MTHB of which 4,557 MTHB earned from sales revenues. Sales revenues increased by 621 MTHB or 15.8% comparing to the same period of the year 2016, mainly due to higher selling price of all products, especially on PVC and Caustic Soda according to higher production cost of Chinese PVC suppliers and limited PVC and Caustic Soda export volume from China. The overall sales volumes increased as a result of higher Caustic Soda sales due to lower EDC purchase, and higher ECH sales from greater demand from Taiwan and two Indian key accounts.

<u>Analysis of Cost and Expenses</u>

1. In Q2 2017, Cost of sales was 3,632 MTHB, increased by 127 MTHB comparing to 2016 or 3.6% due to the increase of sales volumes and higher Glycerin costs from tight market supply due to low Biodiesel production in Indonesia.
2. In Q2 2017, Selling and Administrative Expenses was 339 MB, increased by 54 MB or 19.1% comparing to 2016 due to related expenses of the transitional service agreement between Solvay and AGC, plus higher transportation costs from export sales portion.
3. In Q2 2017, the Company and its subsidiaries recorded additional impairment loss from the liquidation of Solvay Biochemicals (Taixing) Limited ("SBT") amounting to 218 MB.

<u>Summary of Performance</u>

For Q2 2017, the Company and its subsidiaries recorded net profit of 384 MTHB, increased by 249 MTHB or 5.0% of net profit margin comparing with Q2 2016. Apart from the additional costs of SBT's impairment, the increment of gross and net profit was mostly caused by the improvement of products' spread margin with the reliability of production unit.

* <u>Note</u> Please find further information in the consolidated financial statements.

Financial Ratios

	Q2 2017	Q2 2016
Gross profit margin	20.3%	10.9%
Net profit margin	8.4%	3.4%
Debt to Equity ratio	0.14	0.16
Earnings per share	0.32	0.11
ROA	8.2%	3.1%
ROE	9.1%	3.5%

Gross profit margin	=	Gross Profit (Total Sales – Costs of Sales) to Sales
Net profit margin	=	Net Profit to Total Revenues
Debt to Equity	=	Total Liabilities to Total Equity
Return on Assets (ROA)	=	Profit before financial costs and income tax to average Total Assets
Return on Equity (ROE)	=	Net Profit to average Total Equity

Yours faithfully,

(Mr. Hiroaki Sano)
Managing Director

* Note Please find further information in the consolidated financial statements.