

May 13th, 2020

Subject: Management Discussion & Analysis (MD&A) for the 1st quarter of 2020
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 1st quarter of 2020. The MD&A would enable the investors to better understand the Company and its subsidiary's 1st quarter of 2020 reviewed financial statements.

An Analysis of Performance *

Analysis of Income

The Company and its subsidiary recorded the total revenues of 4,422 MTHB of which 4,356 MTHB earned from sales revenues. Sales revenues decreased by 160 MTHB or 3.5% comparing to the same period of the year 2019. Such decrement was due to the overall selling price decrease, especially for Caustic Soda due to the fall of its market price trend, plus impact from lower sales volume due to scheduled maintenance and the power supply outage in February caused by technical issue at our supplier's site.

Analysis of Cost and Expenses

1. In Q1 2020, Cost of sales was 3,255 MTHB, decreased by 445 MTHB comparing to Q1 2019 or 12% due the drastic decline in Ethylene and Glycerin price from ample supply plus lower crude oil price.
2. In Q1 2020, Selling and Administrative Expenses was 350 MTHB, increased by 30 MTHB or 9% comparing to Q1 2019 which mostly due to unrealized loss on exchange rate.

Summary of Performance

For Q1 2020, the Company and its subsidiaries recorded net profit of 780 MTHB, increased by 232 MTHB or 42% comparing to Q1 2019. This improvement was mostly a result of lower prices of raw materials this year.

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

Financial Ratios

	<u>Q1 2020</u>	<u>Q1 2019</u>
Gross profit margin	25.3%	18.1%
Net profit margin	17.6%	11.9%
Debt to Equity ratio	0.17	0.10
Earnings per share	0.66	0.46
ROA	13.1%	11.0%
ROE	14.0%	10.9%

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

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