

9<sup>th</sup> May, 2019

Subject: Management Discussion & Analysis (MD&A) for the 1<sup>st</sup> quarter of 2019  
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 1<sup>st</sup> quarter of 2019. The MD&A would enable the investors to better understand the Company and its subsidiaries' 1<sup>st</sup> quarter of 2019 reviewed financial statements.

### **An Analysis of Performance** \*

#### Analysis of Income

The Company and its subsidiaries recorded the total revenues of 4,618 MTHB of which 4,516 MTHB earned from sales revenues. Sales revenues decreased by 952 MTHB or 17.4% comparing to the same period of the year 2018. Such decrease was mainly a result of the fall of Caustic Soda and Epichlorohydrin (ECH) selling price from BIS issue in India and weak Epoxy demand, respectively. Except greater ECH sales volume from strong demand of ECH key accounts, the overall sales volume slightly decreased compared to Q1' 18 due to the scheduled maintenance.

#### Analysis of Cost and Expenses

In Q1 2019, Cost of sales was 3,700 MTHB, decreased by 500 MTHB comparing to 2018 or 11.9% mostly due to soften Ethylene and Glycerin price from ample supply and lower crude oil price.

#### Summary of Performance

For Q1 2019, the Company and its subsidiaries recorded net profit of 548 MTHB, decreased by 406 MTHB or -5.4% of net profit margin comparing with Q1 2018. This decrement was mostly caused by lower products' spread margin across all products together with the negative effect from strengthen THB against USD.

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

### Financial Ratios

	<u>Q1 2019</u>	<u>Q1 2018</u>
Gross profit margin	18.1%	23.2%
Net profit margin	11.9%	17.3%
Debt to Equity ratio	0.10	0.11
Earnings per share	0.46	0.80
ROA	11.0%	19.8%
ROE	10.9%	20.8%

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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