

12th November, 2019

Subject: Management Discussion & Analysis (MD&A) for the 3rd 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 3rd quarter of 2019. The MD&A would enable the investors to better understand the Company and its subsidiaries' 3rd quarter of 2019 reviewed financial statements.

An Analysis of Performance *

Analysis of Income

The Company and its subsidiaries recorded the total revenues of 4,874 MTHB of which 4,825 MTHB earned from sales revenues. Sales revenues decreased by 391 MTHB or 7.5% comparing to the same period of the year 2018. 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 appreciation of Thai Baht against US Dollar. However, those negative impacts were partially offset by higher sales volume of all main products as a result of stable operation.

Analysis of Cost and Expenses

1. In Q3 2019, Cost of sales was 3,445 MTHB, decreased by 715 MTHB comparing to 2018 or 17.2% due the drastic decline in Ethylene and Glycerin price from ample supply plus lower crude oil price.
2. In Q3 2019, Selling and Administrative Expenses was 361 MTHB, increased by 42 MTHB or 13.1% comparing to 2018 mostly from higher transportation costs, aligning with the increase of sales volume.
3. In the same period of last year, 93 MB loss on dilution on investment in an associate was recorded from the change in the Company's ownership interest from 28.49% to 20.56% as a consequence of newly issued ordinary shares of Pimai Salt Company Limited.

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

Summary of Performance

For Q3 2019, the Company and its subsidiaries recorded net profit of 1,070 MTHB, increased by 445 MTHB or 71.2% comparing to Q3 2018. This improvement was mostly a result of lower prices of raw materials this year and improvement of production reliability.

Financial Ratios

| | <u>Q3 2019</u> | <u>Q3 2018</u> |
|----------------------|-----------------------|-----------------------|
| Gross profit margin | 28.6% | 20.2% |
| Net profit margin | 22.0% | 11.9% |
| Debt to Equity ratio | 0.09 | 0.14 |
| Earnings per share | 0.90 | 0.53 |
| ROA | 19.6% | 12.9% |
| ROE | 21.4% | 13.5% |

| | | |
|------------------------|---|--|
| 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

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