

(Translation)



PTT Global Chemical Public Company Limited

Management Discussion and Analysis

Q1/2017



Executive Summary

In Q1/2017, PTT Global Chemicals Public Company Limited (“the Company”) reported net profit of Baht 13,182 million (Baht 2.96 earnings per share), increased 180% and 35% from both Q1/2016 and Q4/2016 which had net profit of Baht 4,707 million (Baht 1.06 earnings per share) and Baht 9,744 million (Baht 2.18 earnings per share) respectively.

Table 1 : Performance Summary

(Unit: Million Baht)	Q1/2016	Q4/2016	Q1/2017	YoY % +/-	QoQ % +/-
Sales Revenue	80,764	109,740	107,149	33%	-2%
EBITDA	9,515	16,304	18,616	96%	14%
EBITDA Margin (%)	12%	15%	17%	5%	2%
Net Profit	4,707	9,744	13,182	180%	35%
EPS (Baht/Share)	1.06	2.18	2.96	181%	36%
Adjusted EBITDA*	9,789	14,553	18,108	85%	24%
Adjusted EBITDA Margin (%)	12%	13%	17%	5%	4%

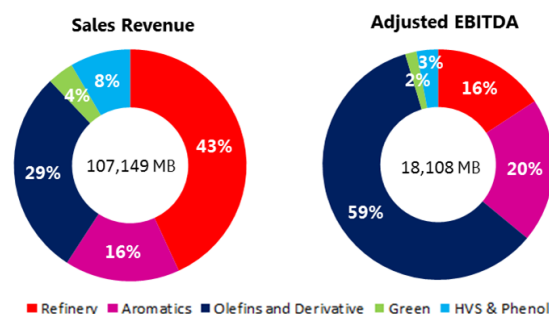
Note: * Adjusted EBITDA refers EBITDA excluding impact of oil stock value

In Q1/2017, Sale revenue is reported at Baht 107,149 million, increases Baht 26,385 million from the same period of last year and closed to previous quarter. This mainly support by increasing in product price that increase in the same trend as oil price. In this period, Company’s performance has been improved from Q1/2016 and Q4/2016, according to healthier margin especially from core products spread of Aromatics and Butadiene which is by product from Olefins businesses. The Company also maintained utilization at the level close to previous quarter as follow; The Refinery recorded utilization rate at 102% as well as Aromatics and Olefins businesses that had utilization rate at 78% and 95% respectively. In addition, MAX project also contributed about Baht 652 million to the Company’s performance. As a result, the Company reported higher Adjusted EBITDA at Baht 18,108 million which increased by 85% from Q1/2016 and 24% from Q4/2016. Additionally, the Company realized stock gain net NRV of Baht 508 million, beside with profit from foreign exchange of Baht 1,529 million which resulted from Baht appreciation. In accordance with all reasons above, it drove net profit to perform at Baht 13,182 million or increased by 180% and 35% from Q1/2016 and Q4/2016, respectively.

Table 2 : Adjusted EBITDA Margin

% Adj. EBITDA Margin	Q1/2016	Q4/2016	Q1/2017
Business Unit :			
Refinery	8	4	6
Aromatics	14	13	22
Olefins and Derivative	20	28	35
Green	8	6	7
HVS	(3)	13	6
Average	12	13	17

Q1/2017



Performance Analysis by Business Unit

Refinery Business Unit

Table 3 : Crude Price & Petroleum Product Spreads

(Unit: USD/bbl)	Q1/2016	Q4/2016	Q1/2017	YoY % +/-	QoQ % +/-
Dubai Crude Oil	30.42	48.32	53.12	75%	10%
Gasoline-Dubai	18.82	14.58	14.78	-21%	1%
Jet-Dubai	11.68	12.26	11.32	-3%	-8%
Diesel-Dubai	9.62	12.03	11.83	23%	-2%
Fuel Oil-Dubai	-5.18	-1.68	-3.14	39%	-87%

Crude oil market in Q1/2017 was kindly backed in positive scenario as OPEC member and Russian oil producer agreed to reduce their production volume, in line with the US sanctions against Iran refer to missile testing that affected to lower export volume from Iran. However, almost the ending of Q1/2017, crude oil price steadily dropped as a result of incremental production in the US, entirely impacted crude oil price to move in the range of 48.79-55.41 USD/bbl and averaged at 53.12 USD/bbl.

For Petroleum product spreads over crude oil price, most of them increased from Q1/2016 but decreased from Q4/2016. The spread of Gasoline over Dubai crude oil averaged at 14.78 USD/bbl, decreased by 4.04 USD/bbl from Q1/2016 but increased gradually by 0.20 USD/bbl from Q4/2016 due to strong demand during Chinese New Year period. Although, in the beginning of this quarter, Gasoline inventory level still kept at high from Colonial Pipeline incident in the US that need to import more Gasoline as a reserve volume but it slightly declined at the end of quarter because Ruwais Refinery in UAE was shutdown with capacity of 420,000 bbl/day. For spread of Diesel over Dubai crude oil averaged at 11.83 USD/bbl, increased by 2.21 USD/bbl from Q1/2016 but slightly dropped by 0.20 USD/bbl from previous quarter as a result of high inventory volume in the market, even there had many refineries' maintenance shutdown in Asia and Europe. Moving on to spread of Fuel oil over Dubai crude oil was averaged at -3.14 USD/bbl, rose by 2.04 USD/bbl from Q1/2016, in contrary it dropped by 1.46 USD/bbl from Q4/2016 due to Arbitrage volume that moved from Western and Eastern countries to Asia, along with inventory volume around the world that still at high level.

Table 4 : Refinery Intake

	Q1/2016	Q4/2016	Q1/2017	YoY % +/-	QoQ % +/-
Crude (Mbb)	12.33	13.73	13.31	8%	-3%
(KBD)	135.54	149.24	147.94	9%	-1%
Condensate Residue (Mbb)	3.01	3.43	2.75	-9%	-20%
(KBD)	33.05	37.30	30.51	-8%	-18%
<i>Total Intake (Mbb)</i>	15.34	17.16	16.06	5%	-6%
<i>(KBD)</i>	168.59	186.54	178.45	6%	-4%
CDU Utilization Rate	93%	103%	102%		

In this quarter CDU unit ran at full capacity with utilization rate at 102% increased from Q1/2016 which was at 93% and remained at same level with previous quarter.

Table 5 : Petroleum Sales Volume

(Unit: '000 barrels)	Q1/2016	Q4/2016	Q1/2017	YoY % +/-	QoQ % +/-
Naphtha	400	832	570	43%	-31%
Reformate	883	1,344	1,405	59%	5%
Jet/Kero	2,129	1,866	2,070	-3%	11%
Diesel	7,762	9,748	7,980	3%	-18%
Fuel Oil	2,443	2,373	2,006	-18%	-15%
Others	2,459	1,625	1,554	-37%	-4%
Total	16,077	17,787	15,586	-3%	-12%

Table 6 : Gross Refinery Margin

(Unit: USD/bbl)	Q1/2016	Q4/2016	Q1/2017	YoY % +/-	QoQ % +/-
Market GRM	5.53	6.55	6.02	9%	-8%
CDU GRM	5.59	7.17	6.36	14%	-11%
CRS GRM	5.28	4.10	4.40	-17%	7%
Hedging Gain/(Loss)	0.08	-2.07	0.02	-75%	101%
Stock Gain/(Loss) Net NRV	-1.13	2.23	0.72	164%	-68%
Accounting GRM	4.48	6.70	6.76	51%	1%
Adjusted EBITDA (MB)	2,486	1,912	2,827	14%	48%

Petroleum sales volume in Q1/2017 was at 15.6 Mbbbl, decreased by 3% and 12% from Q1/2016 and Q4/2016. While almost of petroleum products spread moved up from Q1/2016 especially Diesel spread and Fuel oil spread which increased by 23% and 39% respectively, affected to better Market GRM in this quarter, recorded at 6.02 USD/bbl or 9% increased from same quarter in last year which was at 5.53 USD/bbl. Consequently, the Company reported Adjusted EBITDA in this quarter at Baht 2,827 million, 14% increased from Q1/2016.

Comparing to previous quarter, petroleum products spread slightly dropped except Fuel oil spread that descended significantly, thus had an impact on Market GRM to decrease from 6.55 USD/bbl in previous quarter to 6.02 USD/bbl in this quarter. However, Adjusted EBITDA in this quarter increased from Baht 1,912 million or 48% increased from Q4/2016. The increase in Adjusted EBITDA was a result of hedging loss in Q4/2016 of Baht 1,260 million while Q1/2017 was a gain of Baht 11 million.

Additionally, the Company realized stock gain in Q1/2017 at 0.72 USD/bbl or Baht 407 million, resulted from an increment of crude oil price in this quarter and the Company also recorded Hedging gain at 0.02 USD/bbl, comparing with Hedging loss at 2.07 USD/bbl in previous quarter, entirely drove Accounting GRM in Q1/2017 to 6.76 USD/bbl, increased from Q1/2016 and Q4/2016 which was at 4.48 USD/bbl and 6.70 USD/bbl respectively.

Aromatics Business Unit

Table 7 : Aromatics Product Prices and Spreads over Condensate

(Unit: USD/ton)	Q1/2016	Q4/2016	Q1/2017	YoY % +/-	QoQ % +/-
Condensate	303	432	465	53%	8%
Paraxylene (FECF)	718	790	885	23%	12%
Paraxylene-Condensate	415	358	420	1%	17%
Benzene (Spot Korea)	574	720	923	61%	28%
Benzene-Condensate	272	288	458	69%	59%
Naphtha-Condensate	41	18	34	-17%	88%

Paraxylene

In Q1/2017, spread of Paraxylene over Condensate price averaged at 420 USD/ton, gradually increased from Q1/2016 at 415 USD/ton and affectedly increased from Q4/2016 at 358 USD/ton. The incremental spread was derived from lower supply in the market as there had two large scale plants shutdown in this quarter, included one of Japan producer with Paraxylene capacity of 260,000 tons/year that had fire incident, beside a South Korea producer also confronted with fire incident with their reformer unit that able to produce Paraxylene around 350,000 tons/year. Moreover, a major producer in India have made an announcement to postpone the startup period of new Paraxylene unit in phase 2 from ending of this quarter to ending of next quarter, thus Paraxylene price was increased in Q1/2017. Another factor that supported Paraxylene price was healthier demand from downstream business, such as Polyester and Purified Terephthalic Acid (PTA) that utilization rate remained high since the ending of last year.

Benzene

For Benzene spread over Condensate, was averaged at 458 USD/ton in Q1/2017, moved up from both Q1/2016 and Q4/2016 at 272 USD/ton and 288 USD/ton as a result of surprisingly higher Benzene price, accounted for 28% increased from previous quarter to 923 USD/ton in this quarter. The dramatic increase in Benzene price was supported by stronger demand in downstream market, for instance Styrene that its utilization rate was ramped up, followed its price and higher spread of Cyclohexane that was influenced by better demand in Caprolactam market, especially in China who preferred to build inventory for Chinese New Year. Furthermore, tighter supply in the market from lower Benzene volume than expected of Lotte Chemical, restart of OPAL plant in India with only 60% utilization rate and Aromatics plant planned maintenance shutdown in Asia also was the main factor that surged Benzene price and Benzene spread to stand high in this quarter.

Table 8 : Aromatics Intake and Productions

(Unit: '000 tons)	Q1/2016	Q4/2016	Q1/2017	YoY % +/-	QoQ % +/-
Condensate	1,360	1,321	1,174	-14%	-11%
Others	236	125	199	-16%	59%
Total Intake	1,597	1,446	1,373	-14%	-5%
BTX Production	556	532	495	-11%	-7%
BTX Utilization Rate	90%	82%	78%		

In Q1/2017, BTX utilization of Aromatics declined from Q1/2016 and previous quarter to 78% in this quarter due to slowdown of some small units.

Table 9 : Aromatics Sales Volume

(Unit: '000 tons)	Q1/2016	Q4/2016	Q1/2017	YoY % +/-	QoQ % +/-
Benzene (BZ)	176	171	146	-17%	-15%
Cyclohexane	26	43	35	36%	-17%
Paraxylene (PX)	309	305	276	-11%	-10%
Other BTX Products	21	24	19	-9%	-19%
Total BTX Products	532	542	476	-11%	-12%
Naphtha	251	301	233	-7%	-23%
Other By-Products	58	43	49	-16%	12%
Total	841	887	758		

Table 10 : Aromatics market P2F

(Unit: USD/ton)	Q1/2016	Q4/2016	Q1/2017	YoY % +/-	QoQ % +/-
Market P2F	201	211	321	60%	52%
NRV	0.0	0.0	0.0	N/A	N/A
Hedging Gain/(Loss)	0.0	1.2	0.0	N/A	-100%
Stock Gain/(Loss)	16.4	55.2	6.5	-60%	-88%
Accounting P2F	217	267	327	51%	22%
Adjusted EBITDA (MB)	2,130	2,204	3,639	71%	65%

In Q1/2017, Aromatics product spread was obviously increased from Q1/2016, Paraxylene spread over Condensate rose up to 420 USD/ton or 1%. For Benzene spread over Condensate, it surpassed from same quarter in last year by 69% to 458 USD/ton in this quarter. Better spread of core products positively affected Market P2F per BTX ton to report at 321 USD/ton, increased from Q1/2016 at 201 USD/ton. Adjusted EBITDA in Q1/2017 also increased to Baht 3,639 million from Q1/2016 at Baht 2,130 million or 71%.

Comparing to Q4/2016, Aromatics product spread still higher than previous quarter, Paraxylene spread over Condensate increased by 17% along with Benzene spread over Condensate that strongly increased by 59%. Spread of by product such as Naphtha also increased significantly from Q4/2016 by 88%, all above totally impacted Market P2F per BTX ton in this quarter to increase by 52% from Q4/2016 at 211 USD/ton. For Adjusted EBITDA in Q1/2017, moved up to Baht 2,204 million or 65% increase from previous quarter.

In addition, the Company realized stock gain from Aromatics business in Q1/2017 at amount of Baht 108 million or 6.5 USD/ton as a consequence of steadily increased condensate price, followed crude oil price trend. Thus the Company reported Accounting P2F at 327 USD/ton, surged from Q1/2016 at 217 USD/ton and 267 USD/ton in Q4/2016.

Olefins and Derivatives Business Unit

Table 11 : Prices and Spreads of Olefins and Derivatives

(Unit: USD/ton)	Q1/2016	Q4/2016	Q1/2017	YoY % +/-	QoQ % +/-
Naphtha (MOPJ)	344	450	499	45%	11%
Ethylene (SEA)	1,012	978	1,090	8%	11%
HDPE	1,103	1,134	1,176	7%	4%
HDPE-Naphtha	759	684	677	-11%	-1%
LLDPE	1,114	1,191	1,215	9%	2%
LLDEP- Naphtha	770	741	716	-7%	-3%
LDPE	1,117	1,233	1,330	19%	8%
LDPE- Naphtha	773	783	831	8%	6%
MEG (ACP)	732	818	1,078	47%	32%
MEG-0.65 Ethylene	74	182	370	400%	103%

Ethylene market scenario was better than Q1/2016 and Q4/2016. Ethylene price increased in Q1/2017 that was averaged at 1,090 USD/ton, 8% increased from Q1/2016 and 11% increased from previous quarter, mainly from robust demand and tight supply in the region. For instance, more import volume from China as their MTO (Methanol to Olefins) plants came back to operate after maintenance shutdown slower than expected, supported by lower utilization rate as methanol price was too high. Moreover, there also had demand from Japan and South Korea to use in the period of maintenance shutdown, in line with demand from downstream market that still healthy from both of SM and Chlor-alkali vinyls.

Polyethylene situation in this quarter also improved as HDPE price averaged at 1,176 USD/ton, increased by 7% from Q1/2016 and 4% from Q4/2016, followed crude oil price trend. Furthermore, there also affected by demand in the global market and tighter supply from maintenance shutdown at the ending of this quarter, supported with Butadiene price that extensively increased to 2,545 USD/ton, 195% and 61% moved up from Q1/2016 and Q4/2016 respectively, followed natural rubber price which was substitute product that increased because of tight supply and higher crude oil price. On the demand side, it was better according to the support from Chinese Government about investment policy to stimulate their economic and enhanced sales volume in automobile sector.

For MEG price, it increased by 47% from Q1/2016 and 32% from previous quarter by higher demand from Polyester market in China, in line with better demand from other downstream market such as PET in Europe and North America which improved seasonally.

Table 12 : Sales volume and utilization rate of Olefins and Olefins derivatives

(Unit: '000 tons)	Q1/2016	Q4/2016	Q1/2017	YoY %+ /(-)	QoQ %+ /(-)
Olefins					
Sales Volume*	156	157	149	-5%	-5%
U-Rate	81%	100%	95%	13%	-5%
Polyethylene					
Sales Volume	344	460	401	16%	-13%
U-Rate	89%	113%	116%	27%	3%
MEG					
Sales Volume	106	110	88	-17%	-19%
U-Rate	96%	103%	67%	-29%	-36%

หมายเหตุ: *Sales Volume of Olefins is external volume.

Table 13 : Gas/Liquid Ratio

	Q1/2016	Q4/2016	Q1/2017	YoY % + /(-)	QoQ % + /(-)
Gas	88%	92%	88%	1%	-3%
Naphtha	12%	8%	12%	-1%	3%
Total Intake (Ktons)	882	1,041	981	11%	-6%

In Q1/2017, Olefins unit managed feedstock portion by using Naphtha 12% and Natural Gas 88% of total intake and reported total Olefins utilization rate at 95%, increased from Q1/2016 at 81% but decreased from previous quarter at 100%. Meanwhile, MEG utilization rate is decreased to be 67% from planned maintenance shutdown in March.

Table 14 : Adjusted EBITDA of Olefins and Derivatives

(Unit: Million Baht)	Q1/2016	Q4/2016	Q1/2017	YoY % + /(-)	QoQ % + /(-)
Adj. EBITDA	4,956	8,919	10,665	115%	20%
Adj. EBITDA Margin	20%	28%	35%	15%	7%

The performance of Olefins and Derivatives in Q1/2017 was significantly increased, the Company presented Adjusted EBITDA at Baht 10,665 million rose by 115% and 20% from Q1/2016 and Q4/2016 respectively. For Adjusted EBITDA margin, it also increased to 35% in this quarter which greater than both Q1/2016 at 20% and Q4/2016 at 28% as a consequence of higher products price, such as MEG and Butadiene.

Moving to Ethylene price in this quarter, it averaged at 1,090 USD/ton, increased by 8% from Q1/2016, other than that Polyethylene price also increased to average at 1,240 USD/ton or 12% from Q1/2016. Moreover, spread of by product especially MEG was extensively increased by 400% to 370 USD/ton in Q1/2017. In accordance with above factors, it drove Adjusted EBITDA in this quarter to Baht 10,665 million or 115% increased from same quarter in last year.

In comparison with Q4/2016, Ethylene price in this quarter remained higher than previous quarter by 11% as well as Polyethylene price that increased by 5% from Q4/2016. For MEG spread over Ethylene, it rose by 103% from previous quarter; along with Butadiene price also kept continuously increase to 2,545 USD/ton or 61% higher than Q4/2016. As a result of higher products price both core products and by products, it affected to better Adjusted EBITDA which increased 20% from previous quarter.

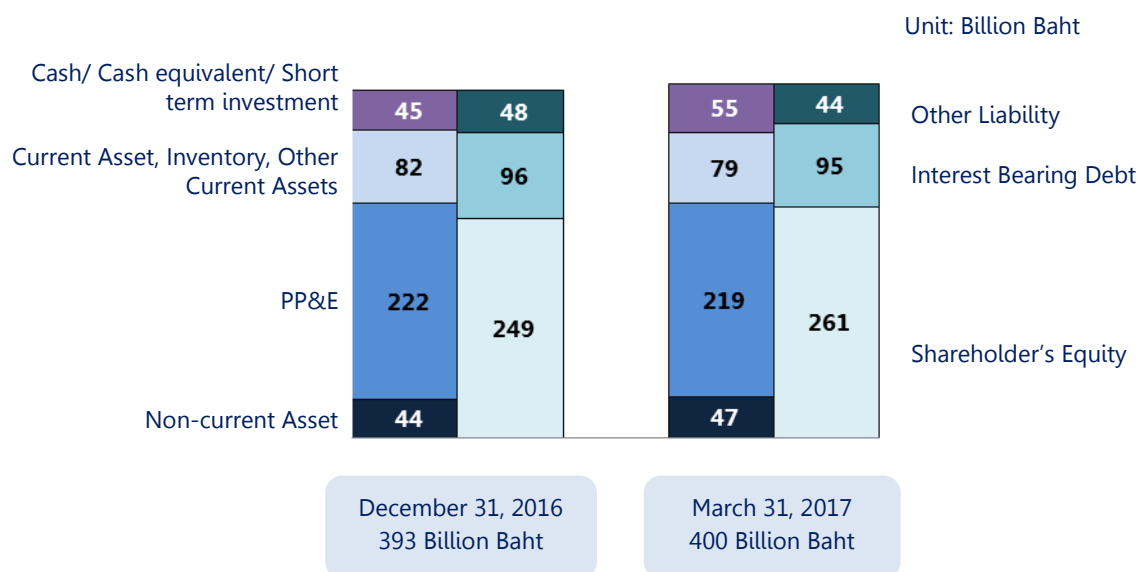
Operating Performance

Unit : MB

		Q1/2016	Q4/2016	Q1/2017	YoY % + /(-)	QoQ % + /(-)
	Sales Revenue	80,764	109,740	107,149	33%	-2%
	Feedstock cost	(59,635)	(81,322)	(77,504)	30%	-5%
	Product to Feed Margin	21,129	28,418	29,645	40%	4%
1	Variable Cost	(5,898)	(6,271)	(6,265)	6%	0%
2	Fixed OH	(4,178)	(4,261)	(3,762)	-10%	-12%
3	Stock Gain/(Loss) and NRV	(274)	2,407	508	285%	-79%
4	Gain/(Loss) on Hedging Commodity	43	(1,248)	11	-74%	101%
5	Other Revenue	978	1,194	1,124	15%	-6%
6	SG&A Expenses	(2,285)	(3,279)	(2,645)	16%	-19%
7	Extra item	0	(656)	0	N/A	100%
	EBITDA	9,515	16,304	18,616	96%	14%
	Depreciation & Amortization	(4,141)	(4,566)	(5,032)	22%	10%
	EBIT	5,374	11,738	13,584	153%	16%
8	Net financial expense	(822)	(862)	(804)	-2%	-7%
9	FX Gain(Loss)	632	(165)	1,529	142%	1027%
10	Share of gain/(loss) from investment	178	218	538	202%	147%
11	Corporate Income Tax	(623)	(1,000)	(1,597)	156%	60%
12	Net Profit after Tax	4,739	9,929	13,250	180%	33%
	Profit/(loss) attributable to:	0	0	0	0%	0%
13	Owners of the Company	4,707	9,744	13,182	180%	35%
14	Non-controlling interests	32	185	68	113%	-63%
15	Adjusted EBITDA*	9,789	14,553	18,108	85%	24%

Note: * Adjusted EBITDA = EBITDA excluded Stock Gain/Loss and NRV.

Statement of Financial Position



Asset

As of March 31, 2017, the Company had total asset of Baht 400,392 million, increased by Baht 7,226 million from December 31, 2016 which mainly from an increment of both current asset by Baht 6,753 million or 5% and non-current asset of Baht 473 million.

1) Current asset increased by Baht 6,753 million as the following reasons;

- Cash and cash equivalents and current investments increased by Baht 9,903 million or 22% mainly from cash received from operation at amount of Baht 14,508 million while had cash paid for asset purchasing and projects investment around Baht 3,107 million, also had cash paid for repayment loan and interest at amount of Baht 1,104 million.
- Account receivable decreased by Baht 6,743 million or 16% mainly from Account receivable of Refinery business that dropped by Baht 3,427 million as a result of lower intake volume per production plan around 0.4 Mbbl that entirely affected to lower sales volume. Moreover, Account receivable of Aromatics business also dropped by Baht 1,732 million from maintenance shutdown of some small units.
- Inventory increased by Baht 3,619 or 10% due to an increase of inventory of Petroleum product by Baht 1,006 million, Aromatics product by Baht 1,860 million and Polymers product by Baht 870 million per of inventory management plan.

2) Non-current asset increased by Baht 473 million or 1% which mainly from;

- Property, plant and equipment decreased by Baht 2,064 million due to depreciation cut during the period at amount of Baht 4,443 million and adjusted asset value in foreign countries because of Baht appreciation around Baht 536 million. However, the Company purchased and built new assets during the period around Baht 3,000 million which was in ongoing projects, such as mLLDPE Expansion and Vencorex Thailand.
- Other non-current asset increased by Baht 2,537 million or 6% mainly from purchasing Catalyst for Aromatics business around Baht 1,770 million and changing Catalyst in TOCGC

plant around Baht 250 million. Other than that, the Company realized profit from investment in associated company and Joint Venture Company that increased around Baht 400 million.

Liability

As of March 31, 2017, the Company had total liability of Baht 138,910 million, decreased from December 31, 2016 by Baht 5,587 million or 4%.

- Accounts payable decreased by Baht 2,024 million or 7% from Accounts payable of Refinery business that dropped by Baht 1,090 million per inventory management plan to maintain at appropriate level which resulted in lower intake purchasing around 0.5 Mbbl. For Accounts payable of Aromatics business, it also dropped by Baht 120 million from lower feedstock purchasing because of maintenance shutdown of some small unit.
- Current Liabilities decreased by Baht 2,080 million or 14% from a decrease of Accounts payable from Commodity Hedging around Baht 1,533 million, dropped accrued interest by Baht 457 million, dropped accrued bonus by Baht 810 million, also declining of VAT payable and Excise tax payable around Baht 656 million. In contrary, accrued corporate income tax increased by Baht 1,529 million from outperformed performance in Q1/2107.
- Interest bearing debt decreased by Baht 1,363 million or 1% due to repayment PTTGC's loan during the period around Baht 2,072 million and subsidiary's repayment around Baht 2,455 million. Furthermore, USD loan and USD debenture of the Company also decreased around Baht 1,381 million from Baht appreciation at 1.38 Baht/USD compared to the end of 2016 (referenced BOT averaged selling rate as of March 31, 2017 at 34.61 Baht/USD and December 31, 2016 at 36.00 Baht/USD). Nevertheless, the Company recorded cash received from AR factoring around Baht 2,258 million to manage short term liquidity, add up with an increment of short term and long term loan around Baht 2,647 million from subsidiary companies, included PTTME and Vencorex.

Shareholder's Equity

As of March 31, 2017, the Company reported total shareholders' of Baht 261,482 million, increased by Baht 12,813 or 5% from December 31, 2016.

- Shareholder's Equity rose by Baht 12,813 million, included Net profit of Q1/2017 at amount of Baht 13,182 million. However, changing other components of shareholder portion was decreased by Baht 414 million which due to loss from financial statement's translation of foreign company and loss from changing the fair value for preventing cash flow's risk (Hedge Accounting), also realized loss from Associates Company and Joint Venture Company through Statement of comprehensive income. Nonetheless, the Company recorded an increase of Non-Controlling Interest by Baht 45 million which derived from profit for the period at amount of Baht 68 million, offset by loss from financial statement's translation by Baht 23 million.

Statement of Cash Flows

As of March 31, 2017, the Company had net cash from operating activities of Baht 14,508 million, net cash used in investment activities of Baht 15,723 million that invested more in short term investment around Baht 12,252 million and cash paid for purchasing land, property and equipment, included intangible asset at amount of Baht 3,107 million in ongoing projects, such as LLDPE Expansion, Integrated Supply Chain Project, Material upgrade for Evaporator Equipment for TOCGC, Vencorex Thailand , US Petro Chemical Complex Project, also turnaround cost. In addition, the Company recorded cash invested in securities available for sale at amount of Baht 561 million. Nonetheless, the Company received cash from interest at amount of Baht 203 million. The Company also had net cash paid from financing activities of Baht 1,104 million, mainly from both short term and long term loan repayment equal to Baht 4,527 million and interest paid to financial institute and leasing contract of Baht 1,481 million while had cash received at amount of Baht 4,905 million from the Company (AR factoring), PTTME and Vencorex. Therefore, The Company had cash and cash equivalents as of March 31, 2017 of Baht 28,775 million, included current investments of Baht 26,440, long term investment in private fund of Baht 5,462 million, totally the Company reported cash on hand at amount of Baht 60,677 million.

Key Financial Ratios

Financial Ratios	Q1/2016	Q4/2016	Q1/2017
Current Ratio (Times)	2.84	2.39	2.58
EBITDA to sales revenue (%)	11.47%	13.93%	15.38%
Net Profits to sales revenues (%)	5.13%	7.40%	9.16%
Return on total assets (%)	6.95%	8.45%	10.63%
Return on equity (%)	8.42%	10.72%	13.79%
Interest Bearing Debt to equity (Times)	0.45	0.39	0.36
Net interest bearing debt to equity (Times)	0.21	0.20	0.15
Net interest bearing debt to EBITDA (Times)	1.12	1.06	0.69

Note:

Current ratio	=	Current assets divided by current liabilities
EBITDA to sales revenue	=	EBITDA divided by sales revenue (for the last 4 quarters)
Net profit on sale revenue	=	Net profit divided by sales revenue (for the last 4 quarters)
Return on total assets	=	Net profit/(Loss) divided by average total assets
Return on equity	=	Net profit (for the last 4 quarters) divided by average total shareholder's equity
Interest Bearing Debt to Shareholders' Equity	=	Interest Bearing Debt divided by shareholder's equity
Net Interest Bearing Debt to Shareholders' Equity	=	Interest Bearing Debt net from cash and cash equivalent and current investments divided by shareholder's equity
Net Interest Bearing Debt to EBITDA	=	Interest Bearing Debt net from cash and cash equivalent and current investments divided by EBITDA (for the last 4 quarters)

Market and Business Outlook 2017

Crude oil price trend in the rest of the year might be averaged in the range of 50-55 USD/bbl as a consequence of expectation that the meeting on May 25, 2017 OPEC and Non-OPEC members possibly agree to extend production cut period as the previous meeting had good response and support from members especially Saudi Arabia. Therefore, crude oil market might be balanced in the first half of 2017. Nevertheless, continuously increased production volume from the US also is the important factor to keep an eye on.

For Petroleum market outlook, the Company believes that spread of Diesel over Dubai crude oil will stable at 11.6 USD/bbl as well as Gasoline spread over Dubai crude oil that tends to increase slightly from the beginning of the year to 14.6 USD/bbl due to healthier demand in Asia. For Fuel oil spread over Dubai crude oil might remain at -3.5 USD/bbl, its spread also support by lower import volume from other regions because of higher freight cost. Consistent with above products spread, the Company projects GRM to maintain at 6.3 USD/bbl. For production and sales volume, the Company expects that Refinery able to maximize utilization at 102%, increases from 2016 that had planned turnaround.

For Aromatics business, the Company forecasts that spread of Paraxylene over Condensate will be averaged at 399 USD/ton, has been supported by demand from downstream market, such as Polyester that remains stable but might be affected by new capacity from India which plan to start up in the second half of this year. Moving to spread of Benzene over Condensate, it tends to decrease to 344 USD/ton as a result of lower demand from SM market because of high inventory volume at the ending of first quarter, also support by SM seasonal planned shutdown in the region. However, Aromatics product price might be increased from stable crude oil price as OPEC and Non-OPEC will arrange the meeting at the end of May and might agree to extend supply limitation period. According to those factors, the Company estimates Market P2F full year average at 246 USD/ton. For production volume, Aromatic unit #2 has planned maintenance shutdown for 45 days starting in June until Jul 2017, involves turndown period of some small unit in the first quarter, the utilization rate might stand at 79%.

Outlook for Olefins and is quite positive as the Company forecasts HDPE price to average at 1,171 USD/ton, even though it might be pressured by new capacity in North America but it has a chance to postpone commercial production which affects to lower new capacity enter to the market. Moreover, the new expectation of better growth in global economy probably helps stimulate products demand. Other than that, by products such as Butadiene and MEG will remain strong in the next 3 quarters by estimating Butadiene price to average at 1,200 USD/ton and MEG price will be averaged at 780 USD/ton as a consequence of Polyester demand and lower MEG production in China. For operation part, the Company forecasts that total Olefins utilization rate will stand at 95%, higher than 2016 even there had planned shutdown of OLE 2/1. Moving to Polyethylene, MEG plants and Butadiene has been estimated to have utilization rate at 114%, 96% and 88% respectively.

Planned Maintenance Shutdown Schedule 2017

Plant		2017												
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
OLE	Cracker			31	Oleflex			39	OLE2/1					
							45	BV		17	OLE1			
									11	OLE2/2	25	Oleflex		
POL	HDPE						15	BPE2		15	BPE1			
	LDPE			12							12			
	LLDPE						26							
EOB	TOCGC			44										
PHN	Phenol I			39										
	Phenol II			10										
	BPA							18						
REF	Refinery													
ARO	Aromatics I													
	Aromatics II							45						