MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS

For Quarter 4/2017 and year 2017

1) Company's Operating Result

(US$ Million)	Q4/17	Q3/17	+/(-)	Q4/16	+/(-)	2017	2016	+/(-)
Total Revenue	1,370	1,269	101	1,245	125	5,009	4,374	635
EBITDA	117	125	(8)	122	(5)	406	394	13
EBIT	96	104	(8)	101	(5)	324	312	12
Exchange gain (loss)	12	7	5	(5)	17	44	16	28
Net income	78	84	(6)	79	(1)	261	245	16
Net income (US$ per share)	0.02	0.02	-	0.02	-	0.06	0.06	-
Accounting gross refining margin (US$/barrel) [(1)]	9.73	9.70	0.03	10.02	(0.29)	8.52	7.93	0.59
Market gross refining margin (US$/barrel) [(2)]	5.51	8.91	(3.40)	7.53	(2.02)	7.34	6.68	0.66

Crude intake (thousand barrels/day)	159.2	161.1	(2.0)	163.3	(4.1)	152.4	162.4	(10.0)

(Baht Million)	Q4/17	Q3/17	+/(-)	Q4/16	+/(-)	2017	2016	+/(-)
Total Revenue	45,335	42,572	2,763	44,299	1,037	170,535	155,082	15,454
EBITDA	3,865	4,172	(308)	4,337	(473)	13,845	13,964	(119)
EBIT	3,178	3,477	(299)	3,602	(424)	11,017	11,044	(27)
Exchange gain (loss)	389	225	164	(183)	572	1,509	548	960
Net income	2,573	2,819	(246)	2,810	(237)	8,895	8,688	207
Net income (Baht per share)	0.59	0.65	(0.06)	0.65	(0.05)	2.05	2.00	0.05

[(1)] margin includes inventory gain/loss based on weighted average inventory cost
[(2)] margin is calculated based on current replacement cost

Exchange rate (Baht/US$)	Q4/17	Q3/17	+/(-)	Q4/16	+/(-)	2017	2016	+/(-)
Average FX	33.11	33.54	(0.43)	35.57	(2.46)	34.10	35.46	(1.36)
Closing FX	32.85	33.53	(0.69)	36.00	(3.16)	32.85	36.00	(3.16)

Compared Q4/17 with Q3/17, SPRC crude intake in Q4/17 was 159.2 thousand barrels per day, or 96.5% of the refining capacity, a decrease of 2.0 thousand barrels per day from prior quarter due to the maintenance activities of the Residual Fluid Catalytic Cracking Unit (RFCCU) in Oct 17. In Q4/17 SPRC had sale revenue of US$1,370 million (Baht 45,335 million), increased by US$101 million from prior quarter due to an increase in product prices, in line with the rise in global oil prices, but was partially offset by lower sale volume resulting from lower crude intake. EBITDA and net income in Q4/17 were slightly lower than prior quarter. SPRC earnings in Q4/17 included a stock gain in rising market price. Excluding stock gain impact, market refining margin dropped from US$8.91/bbl to US$5.51/bbl impacted by the maintenance activity and weaker demand of refining products mainly in gasoline and fuel oil. Net income in Q4/17 also included US$12 million (Baht 389 million) of exchange gain due to the stronger Baht against US$ during the quarter.

Compared Q4/17 with Q4/16, sale revenue also increased US$125 million over prior year quarter as a result of the increase in product price but partly offset by lower sale volume. As a result of the maintenance activity in Oct 17, SPRC market refining margin in Q4/17 was lower than Q4/16. However EBITDA and net income in Q4/17 was only slightly lower than Q4/16 because of the stock gain during the quarter and there was exchange gain in this quarter while there was exchange loss in Q4/16.

In 2017 crude intake was 152.4 thousand barrels per day or 92.4% of the refining capacity, decreased 10.0 thousand barrels per day from 2016, resulted from the maintenance activity of CDU in Jun 17 and RFCCU in Oct 17. Total sale revenue increased from US$4,374 million (Baht 155,082 million) in 2016 to US$5,009 million (Baht 170,535 million) in 2017 as a result of higher product price but partly offset by lower s@Snk0141ale volume. Despite the impact from maintenance activity, market gross refining margin for SPRC in 2017 was US$7.34/bbl which was better than 2016 due to strong global product demand and the supply shortage resulting from the Hurricane in US during Q3/17. As a result of higher accounting and market refining margin in 2017, net income was higher than 2016. Higher gain on exchange rate due to Baht appreciation also contributed to higher net income.

2) Market Condition

MOPS Pricing	Q4/17	Q3/17	+/(-)	Q4/16	+/(-)	2017	2016	+/(-)
Dubai crude oil	59.30	50.45	8.85	48.36	10.94	53.2	41.3	11.8
Light Naphtha (MOPJ)	63.33	51.97	11.36	50.02	13.31	55.1	44.3	10.8
Gasoline (premium)	73.70	66.54	7.16	62.94	10.76	68.0	56.2	11.9
Jet Fuel	72.59	63.59	8.99	60.62	11.96	65.3	52.9	12.4
Diesel	72.35	64.30	8.05	60.38	11.97	65.7	52.1	13.6
Fuel Oil	56.25	49.11	7.14	46.70	9.56	50.8	36.4	14.5

Spread over Dubai	Q4/17	Q3/17	+/(-)	Q4/16	+/(-)	2017	2016	+/(-)
Light Naphtha (MOPJ)	4.03	1.52	2.51	1.65	2.37	1.91	2.99	-1.08
Gasoline (premium)	14.40	16.09	-1.69	14.57	-0.18	14.86	14.86	0.00
Jet Fuel	13.28	13.14	0.14	12.26	1.02	12.14	11.56	0.58
Diesel	13.04	13.85	-0.80	12.02	1.03	12.53	10.78	1.74
Fuel Oil	-3.05	-1.34	-1.71	-1.67	-1.39	-2.33	-4.95	2.63

Average Dubai price for Q4/17 was US$59.30/bbl, increased from US$50.45/bbl in Q3/17, as a result of extend agreement of reduced supply from OPEC and non OPEC producers to the end of 2018, decline in U.S. crude inventories at 425 million barrel, conflict between Kurdish and Iraqi militaries caused lower export from Northern Iraq and shutdown of the Keystone pipeline connecting Canada and the United States due to oil spill.

Gasoline spread over Dubai in Q4/17 was US$14.40/bbl, decreased from Q3/17 impact by Singapore's gasoline end year inventory at higher side, slow motor fuel demand cause from winter season in U.S. Widen Naphtha spread over Dubai in Q4/17 of US$4.03/bbl was supported by strong demand from North Asia as petrochemical feed stock. Jet and Diesel spreads over Dubai Q4/17 were US$13.28/bbl and US$13.04/bbl, respectively. Jet was improved from Q3/17 supported by winter heating demand and air travel demand growth. Diesel crack in Q4/17 was weighted by excess supply from China and India. Comparing with Q4/16, Jet and Diesel spreads were increased affecting from overall middle distillates inventories in Singapore lower than last year. Fuel oil spread over Dubai in Q4/17 was lower than Q3/17 cause from higher Singapore inventory and increasing arbitrage flow from the West and Middle East.

The average market refining margin in Q4/17 was US$5.51/bbl as compared to US$8.91bbl in Q3/17 and US$7.53/bbl in Q4/16. The lower market refining margin was affected from RFCCU maintenance activity resulting in crude throughput reduction and loss opportunity to upgrade heavy feed. Post RFCCU maintenance activity, SPRC maximizes crude throughput and maximizes margin thru crude, process optimization and maximize cracker feed synergy benefit. The domestic placement of all products in Q4/17 was reduced as a result of RFCCU maintenance activity and slowdown of domestic demand.

In 2017, crude prices increased with Dubai crude price moving between US$43.5/bbl and US$64.4/bbl, with an average of US$53.2/bbl, which was higher than 2016 average of US$41.3/bbl. Crude price were gain supported from decline of U.S. crude inventories due to Hurricane Harvey, OPEC and Russia to extend agreement of production cut to the end of 2018, lower Libyan oil production cause from shutdown of El Sharara oilfield in Q3/17 and unrest situation impacts Venezuela production.

Petroleum product prices also moved, following crude prices. Naphtha crack over Dubai overall decreased from 2016, impacted by attractiveness of LPG cracking economics and arbitrage inflows from the West. The average gasoline crack in this year was US$14.86/bbl which was similar to last year. In Q3/17, gasoline crack hit highest record of US$16.1/bbl in 2017 supported by decline in the U.S. gasoline inventory, U.S. supply shortage due to refinery shutdowns from Hurricane Harvey, and healthy demand from Asia.

Jet/kerosene cracks were supported by increased demand of aviation fuel. International Air Transport Association (IATA) estimated global passenger traffic increasing by 8.0% in 2017 compared to 2016. Thailand jet demand expected increasing by 4%. Diesel cracks in 2017 was also higher than 2016, reflecting strong global demand from economic recovery and tightened supply from U.S. demand caused from refineries across the U.S. Gulf Coast shutdown due to Hurricane Harvey in Q3/17. Middle distillates inventories in Singapore rose to 13.4 million barrel in November as more export from China and India, supported diesel crack rebound to US$12.33/bbl.

In 2017, fuel oil spread against Dubai averaged minus US$2.33/bbl which was better than 2016 average minus US$4.95/bbl. The Asian fuel oil market was relatively well supported by bullish trading market. In Q3/17 fuel oil spread over Dubai, averaged minus US$1.34/bbl which was the lowest spread since 2012. They were supported by summer demand for power generation, U.S. refinery shutdown caused by Hurricane Harvey and lower export volumes from West and U.S. to Asia leading to tightness in high viscosity market. However, ample supply and inventory build eventually depress the market starting at the end of November toward the end of 2017.

Sources: EIA, IATA, IHS, OPEC, PLATTS, Reuters

3) Financial Results

	US$ Million			US$ Million		US$ Million		
	Q4/17	Q3/17	+/(-)	Q4/16	+/(-)	2017	2016	+/(-)
Total Revenue	1,370	1,269	101	1,245	125	5,009	4,374	635
Cost of sales	(1,278)	(1,166)	(113)	(1,132)	(147)	(4,703)	(4,053)	(650)
Gross profit	**91**	**104**	**(12)**	**113**	**(22)**	**306**	**321**	**(15)**
Other income	0.36	0.25	0	0	0	1.37	2	(0)
Gain (loss) on exchange rate	12	7	5	(5)	17	44	16	28
Administrative expenses	(7)	(7)	(1)	(7)	(0.29)	(28)	(26)	(2)
Income tax	(18)	(19)	1	(21)	4	(60)	(64)	4
Net income	**78**	**84**	**(6)**	**79**	**(1)**	**261**	**245**	**16**

	Baht Million			Baht Million		Baht Million		
	Q4/17	Q3/17	+/(-)	Q4/16	+/(-)	2017	2016	+/(-)
Total Revenue	45,335	42,572	2,763	44,299	1,037	170,535	155,082	15,454
Cost of sales	(42,315)	(39,106)	(3,209)	(40,273)	(2,042)	(160,131)	(143,715)	(16,416)
Gross profit	**3,021**	**3,467**	**(446)**	**4,026**	**(1,006)**	**10,405**	**11,367**	**(962)**
Other income	12	8	3	11	1	47	63	(16)
Gain (loss) on exchange rate	389	225	164	(183)	572	1,509	548	960
Administrative expenses	(243)	(223)	(20)	(251)	8	(943)	(914)	(29)
Income tax	(587)	(635)	48	(763)	176	(2,029)	(2,261)	232
Net income	**2,573**	**2,819**	**(246)**	**2,810**	**(237)**	**8,895**	**8,688**	**207**

Production volume

Thousands barrels

Petroleum products	Q4/17	Q3/17	Q4/16	2017	2016
Polymer Grade Propylene	262	354	440	1,416	1,616
Liquefied Petroleum Gas	643	645	776	2,691	2,816
Light Naphtha	603	616	684	2,415	2,586
Gasoline	3,469	3,990	4,096	15,045	16,140
Jet Fuel	1,084	1,176	1,130	4,057	4,468
Diesel	5,722	5,805	5,915	21,530	23,023
Fuel Oil	1,889	2,045	1,770	7,186	7,671
Asphalt	358	286	339	1,198	1,289
Mix C4	251	486	437	1,729	1,900
Other (1)	1,398	904	1,299	4,336	3,728
Total production	**15,680**	**16,307**	**16,885**	**61,605**	**65,237**

(1) Includes sulfur and reformate and products sold pursuant to our cracker feed exchange with PTT Global Chemical (PTTGC).

Total sale revenue

US$ Million

Petroleum products	Q4/17	Q3/17	Q4/16	2017	2016
Polymer Grade Propylene	19	24	28	99	98
Liquefied Petroleum Gas (1)	32	27	29	129	108
Light Naphtha	37	33	31	132	109
Gasoline	399	398	383	1,556	1,420
Jet Fuel	96	73	69	286	234
Diesel	572	519	512	2,053	1,818
Fuel Oil	98	103	80	349	254
Asphalt	17	12	12	55	34
Mix C4	16	35	28	116	92
Crude	0	0	0	1	25
Others (2)	83	45	72	233	182
Total Revenue	**1,370**	**1,269**	**1,245**	**5,009**	**4,374**

(1) Includes Government LPG and oil subsidies.
(2) Includes sulfur, reformate and products sold pursuant to our cracker feed exchange with PTT Global Chemical (PTTGC).

Total sale revenue for Q4/17 increased 8% as compared to Q3/17 and also increased 10% compared to Q4/16. The increase was mainly due to increase in average selling price for petroleum products which is in line with the increase in crude oil price, partly offset with a slightly decrease in sales volume of petroleum products to 16.4 million barrels in Q4/17 as compared to 16.6 million barrels in Q3/17 and 17.6 million barrels in Q4/16.

2017 Total sale revenue increased 15% as compared to 2016. The increase was mainly due to average selling price rising for petroleum products which is in line with the increase in crude oil price, partly offset with a decrease in sales volume of petroleum products to 63.5 million barrels in 2017 as compared to 67.0 million barrels in 2016.

In Q4/17, the company sold its petroleum products based on sale revenue to Chevron, PTT and other oil and petrochemical companies in the proportion of 60%, 30% and 10%, respectively.

In 2017, the company sold its petroleum products based on sale revenue to Chevron, PTT and other oil and petrochemical companies in the proportion of 58%, 31% and 11%, respectively.

Cost of Sales

Cost of sales in Q4/17 increased by 10% from Q3/17 and 13% from Q4/16 primarily due to higher crude oil price but partly offset by lower sale volume.

Compared 2017 with 2016, cost of sales also increased 16% which was primarily due to an increase in average cost of crude oil in 2017, but partly offset by lower sale volume.

Other Income

Other income mainly comprised of interest income from deposit accounts, oil storage fee, and export tax subsidy.

Gain (loss) on Foreign Exchange

Foreign exchange gain was US$12 million (Baht 389 million) in Q4/17, comparing to exchange gain of US$7 million (Baht 225 million) in Q3/17 and exchange loss of US$5 million (Baht 183 million) in Q4/16. The appreciation of the Baht relative to the U.S. dollar during Q4/17 resulted to foreign exchange gain in the quarter because the value of Baht denominated receivables was higher when converted to U.S dollar equivalent.

For 2017, foreign exchange gain increased significantly by US$28 million (Baht 960 million) from 2016 to US$44 million (Baht 1,509 million) in 2017, primarily due to the higher appreciation of the Baht relative to the U.S. dollar during 2017 compared to the appreciation in 2016. Baht appreciation resulted in an increase in the value of Baht denominated receivables when converted to U.S dollar equivalent.

Administrative Expenses

Administrative expenses in Q4/17 was US$7 million which approximated to Q3/17 and Q4/16.

Compared 2017 with 2016, administrative expenses slightly increased US$2 million (Baht 29 million) mainly from the impact from stronger Baht during the year. The appreciation of Baht also resulted to higher US$ expense when converted Baht denominated expenses to US$ equivalent.

4) Analysis of Financial Position

	US$ Million				Baht Million		
	31 Dec 2017	31 Dec 2016	+/(-)	% +/(-)	31 Dec 2017	31 Dec 2016	+/(-)
Assets							
Cash & cash equivalent	66	6	60	922%	2,171	233	1,938
Other current assets	810	652	158	24%	26,593	23,474	3,120
Non-current assets	945	1,013	(69)	-7%	31,032	36,481	(5,449)
Total assets	**1,821**	**1,672**	**149**	**9%**	**59,797**	**60,188**	**(391)**
Liabilities							
Current liabilities	513	397	116	29%	16,848	14,291	2,557
Non-current liabilities	26	116	(90)	-78%	848	4,178	(3,330)
Total liabilities	**539**	**513**	**26**	**5%**	**17,696**	**18,469**	**(773)**
Equity							
Share capital & retained earnings	1,282	1,159	123	11%	46,751	42,654	4,097
Other component of shareholders'equity					(4,650)	(935)	(3,715)
Total equity	**1,282**	**1,159**	**123**	**11%**	**42,101**	**41,719**	**382**
Total liabilities & equity	**1,821**	**1,672**	**149**	**9%**	**59,797**	**60,188**	**(391)**

Assets

Total assets as of 31 Dec 2017 increased by US$149 million (but decrease Baht 391 million due to exchange rate impact from Baht appreciation) from 31 Dec 2016, mainly from an increase in current assets but partially offset by a decrease in non-current assets.

Current assets increased US$218million (Baht 5,058 million) due to:

a) an increase in cash & cash equivalent of US$60 million (Baht 1,938 million);
b) an increase in trade and other account receivable of US$50 million (Baht 606 million) from higher average selling prices (which include excise tax) in Dec 2017 comparing to average selling price in Dec 2016; and
c) an increase in inventory of US$108 million (Baht 2,468 million) from higher inventory price reflecting from the increase in oil price and higher inventory volume comparing to Dec 2016.

Non-current assets was lower year-over-year mainly from a decrease in property, plant and equipment of US$67 million (Baht 5,379 million) as depreciation expenses for 2017 more than offset the additional capital investment in refinery reliability and efficiency projects.

Liabilities

Total liabilities as of 31 Dec 2017 increased US$26 million (but decreased Baht 773 million due to exchange rate impact from Baht appreciation) from 31 Dec 2016. The increase in total liabilities are mainly from:

a) an increase in trade and other account payables of US$79 million (Baht 1,858 million). Trade payables increased mainly from higher purchase price of crude oil.
b) An increase in other current liabilities of US$63 million (Baht 1,971 million) mainly from higher excise tax payable resulting from new 2017 Excise Acts which the payment date of excise tax & fund has been changed;
c) partially offset by a decrease in net long term borrowing of US$107 million (Baht 4,066 million) for loan repayment; and

d) a decrease in deferred tax liabilities of US$20 million (Baht 780 million) resulted from the exchange rate impact on temporary difference between accounting and tax book.

Shareholders' Equity

Shareholders' equity as of 31 Dec 2017 increased US$123 million (Baht 382 million) from 31 Dec 2016 resulted from the net profit in 2017 minus dividend payment for 2H/2016 profit and 1H/2017 profit.

5) Statement of Cash Flow

	US$ Million		Baht Million	
	2017	2016	2017	2016
Net cash generated from operating activities	321	215	10,860	7,637
Net cash used in investing activities	(15)	(15)	(503)	(537)
Net cash used in financing activities	(245)	(302)	(8,413)	(10,654)
Net decrease in cash and cash equivalents	**61**	**(102)**	**1,944**	**(3,554)**
Cash and cash equivalents at the beginning of the period	**6**	**109**	**233**	**3,949**
Adjustments from foreign exchange translation	(1)	(0)	(6)	(162)
Cash and cash equivalents at the end of the period	**66**	**6**	**2,171**	**233**

SPRC cash and cash equivalents at 31 Dec 2017 was US$66 million (Baht 2,171 million), an increase of US$60 million (Baht 1,938 million) from 31 Dec 2016.

Details of cash flow activities in 2017 are as follow.

a) Net cash generated from operating activities of US$321 million (Baht 10,860 million) which was primarily due to:
   - 2017 net profit of US$261 million (Baht 8,895 million) and added back non-cash items of US$75 million (Baht 2,510 million);
   - cash generated from operating liabilities of US$142 million (Baht 4,830 million), mainly from an increase in trade and other payables of US$75 million (Baht 2,571 million) due to higher purchase price of crude oil and an increase in current liabilities of US$66 million (Baht 2,259 million) mainly due to the new 2017 Excise Acts which impact to the payment date of excise tax & fund; and
   - partially offset by cash used in operating assets of US$157 million (Baht 5,366 million), mainly from an increase in trade receivable of US$50 million (Baht 1,700 million) due to higher selling price, and an increase in inventory of US$108 million (Baht 3,666 million) due to the increase in both inventory price and volume in Dec 2017.

b) Net cash used in investing activities of US$15 million (Baht 503 million), primarily on projects spending to increase refinery reliability and efficiency.

c) Net cash used in financing activities of US$245 million (Baht 8,413 million) mainly from:
   - cash used for dividends paid of US$138 million (Baht 4,799 million) for 2H/ 2016 and 1H/2017 net profit; and
   - repayment for long term borrowing of US$107 million (Baht 3,614 million).

6) Financial Ratios

		Q4/17	Q3/17	Q4/16	2017	2016
Current Ratio	(Time)	1.7	1.7	1.7	1.7	1.7
Net Profit Margin	(%)	5.7	6.6	6.3	5.2	5.6
Net Debt to Equity ratio	(Time)	0.4	0.4	0.4	0.4	0.4
Net Interest Bearing Debt to Equity ratio	(Time)	0.0	0.0	0.1	0.0	0.1

Note:

Current Ratio	= Current Assets / Current Liabilities	(Time)
Net Profit Margin	= Quarter (Net Profit(Loss) / Total Revenue)	(%)
Net Debt to Equity Ratio	= Total Liabilities / Total Shareholders' Equity	(Time)
Net Interest Bearing Debt to Equity ratio	= Interest Bearing Debt - Cash / Total Shareholders' Equity	(Time)