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

For Quarter 1/2018

1) Company's Operating Result

(US$ Million)	Q1/18	Q4/17	+/(-)	Q1/17	+/(-)
Total Revenue	1,560	1,370	190	1,276	284
EBITDA	117	117	0	123	(6)
EBIT	96	96	0	103	(6)
Exchange gain	22	12	11	20	2
Net income	81	78	3	82	(1)
Net income (US$ per share)	0.02	0.02	0.00	0.02	(0.00)
Accounting gross refining margin (US$/barrel) [1]	8.40	9.73	(1.33)	8.92	(0.52)
Market gross refining margin (US$/barrel) [2]	7.17	5.51	1.66	7.98	(0.81)
Crude intake (thousand barrels/day)	165.1	159.2	5.9	158.6	6.5

(Baht Million)	Q1/18	Q4/17	+/(-)	Q1/17	+/(-)
Total Revenue	49,458	45,335	4,122	44,880	4,578
EBITDA	3,732	3,865	(133)	4,361	(629)
EBIT	3,061	3,178	(117)	3,628	(567)
Exchange gain	713	389	325	722	(9)
Net income	2,573	2,573	(0)	2,909	(336)
Net income (Baht per share)	0.59	0.59	(0.00)	0.67	(0.08)

[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$)	Q1/18	Q4/17	+/(-)	Q1/17	+/(-)
Average FX	31.71	33.11	(1.40)	35.28	(3.57)
Closing FX	31.41	32.85	(1.44)	34.61	(3.21)

In Q1/18, SPRC operated at high utilization which crude intake reached 100% of the refining capacity or 165.1 thousand barrels per day, an increase of 5.9 thousand barrels per day from Q4/17. Compared Q1/18 with Q4/17 total sale revenue was US$1,560 million (Baht 49,458 million) which increased from Q4/17 mainly due to higher sale volume from higher throughput and higher average selling price which were in line with the rising in market oil price. Higher sale volume was offset by a decrease in accounting gross refining margin and resulted to EBITDA for Q1/18 and Q4/17 being the same at US$117 million. However, excluding stock gain impact, market gross refining margin increased from US$5.51/bbl in Q4/17 to US$7.17/bbl in Q1/18 supported by market, reliable operation and good result from Bottom Line Improvement Program (BLIP) in Q1/18 while Q4/17 was impacted by maintenance activities.

Compared Q1/18 with Q1/17, SPRC crude intake in Q1/18 also increased due to crude unit slowdown in prior year quarter. From the increase in crude intake and higher average oil and product price, SPRC total sale revenue in Q1/18 increased US$284 million (Baht 4,578 million). However EBITDA and net income in Q1/18 are slightly lower than Q1/17 due to the decrease in both accounting refining margin and market refining margin. Accounting refining margin in Q1/18 and Q1/17 also included stock gain as a result of the increase in crude and product price during the quarter. Lower marketing refining margin in Q1/18 was reflected from weaker cracker margin.

2) Market Condition

MOPS Pricing	Q1/18	Q4/17	+/(-)	Q1/17	+/(-)
Dubai crude oil	63.92	59.30	4.62	53.08	10.85
Light Naphtha (MOPJ)	64.60	63.33	1.27	55.35	9.25
Gasoline (premium)	77.63	73.70	3.93	67.83	9.80
Jet Fuel	79.99	72.59	7.40	64.38	15.61
Diesel	78.68	72.35	6.33	64.89	13.79
Fuel Oil	58.98	56.25	2.73	49.98	9.00

Spread over Dubai	Q1/18	Q4/17	+/(-)	Q1/17	+/(-)
Light Naphtha (MOPJ)	0.68	4.03	-3.35	2.28	-1.60
Gasoline (premium)	13.71	14.40	-0.69	14.76	-1.05
Jet Fuel	16.07	13.28	2.79	11.30	4.76
Diesel	14.76	13.04	1.72	11.82	2.95
Fuel Oil	-4.94	-3.05	-1.89	-3.10	-1.84

Average Dubai price for Q1/18 was US$63.92/bbl, increased from US$59.30/bbl in Q4/17, as a result of the strongest compliance to production cuts by OPEC and Russia, its intention to extend cuts into 2019 and a potential deal for a longer term pact. Geopolitical risks between Israel-Iran and Syria crisis as well as U.S. potentially resuming sanctions on Iran lent further support to prices. A global equities correction in February, coupled with threats of a U.S.-China trade war in March weighed on crude prices. Record U.S. production of 10.43 million bpd and rig counts reverse crude inventory trends as stockpiles began to build in Q1/18 after one year of clearing the supply glut.

Gasoline spread over Dubai fell slightly to US$13.71/bbl. Gasoline market in this quarter remained fairly strong, supported by healthy seasonal demand Lunar New Year celebrations from Northeast Asia and refinery outages from Middle East and West Africa. However, colder winters in U.S, Europe and China have dented demand for gasoline, coupled with high refinery runs to support middle distillates for heating have led to increase in global inventories. Chinese gasoline exports in Jan had soared by two-thirds from a year ago. Singapore light distillates stocks was 13.9 million barrels on average, increased 15% Q-o-Q.

Naphtha spread over Dubai in Q1/18 was US$0.68/bbl, decreasing by US$3.35/bbl. Naphtha margins were weighed by high arbitrage flows from the West and Middle East in Jan and Feb, coupled with weaker demand from cracker maintenance season, festivities in North Asia and petrochemical plants switching to cheaper LPG feedstocks. Supplies tightened slightly in March as the start of CDU maintenance and arbitrage flows reduced.

Jet and Diesel crack spread over Dubai strengthened significantly, averaging US$16.07/bbl and US$14.76/bbl, respectively. Middle distillate cracks were heavily supported by strong heating demand in the start of the quarter due to persisting cold snaps in North-East Asia, Japan, U.S. and Europe. In the second half of the quarter, supplies continue to remain squeeze as refineries enter the maintenance and aviation demand picked up from strong tourism growth from China, India, South Korea and Australia. Singapore and Fujairah's stocks were at 3-year low. Singapore stocks fell to 9.4 MMB, down 12% Q-o-Q.

Fuel oil spread over Dubai in Q1/18 was -US$4.94/bbl, lower than Q4/17. Despite stronger seasonal demand for power generation for winter and healthy bunker demand, cracks fell due to higher arbitrage flows into Singapore from West and Middle East. Greater arbitrage flows were supported by lower VLCC freight cost and strong arbitrage economics. Fuel oil viscosity spread has climbed to a 10-month high amid low blend-stock supplies.

Even higher crude price, SPRC's average market refining margin in Q1/18 was US$7.17/bbl as compared to US$5.51/bbl in Q4/17 and US$7.98/bbl in Q1/17. In Q1/18, SPRC maximized margin by capturing crude benefit from term supply and processing opportunity crudes, capturing benefit from cracker unit optimization and maximized domestic placement for all products.

Sources: EIA, Reuters, IHS, Platts

3) Financial Results

	US$ Million				US$ Million		
	Q1/18	Q4/17	+/(-)	% +/(-)	Q1/17	+/(-)	% +/(-)
Total Revenue	1,560	1,370	190	14%	1,276	284	1,276
Cost of sales	(1,477)	(1,278)	(199)	16%	(1,186)	(291)	(1,186)
Gross profit	**83**	**91**	**(9)**	**-10%**	**89**	**(7)**	**89**
Other income	1	0	0	135%	0	0	0
Gain on exchange rate	22	12	11	91%	20	2	20
Administrative expenses	(8)	(7)	(1)	14%	(8)	(1)	(8)
Income tax	(15)	(18)	3	-16%	(20)	5	(20)
Net income	**81**	**78**	**3**	**4%**	**82**	**(1)**	**82**

	Baht Million			Baht Million	
	Q1/18	Q4/17	+/(-)	Q1/17	+/(-)
Total Revenue	49,458	45,335	4,122	44,880	4,578
Cost of sales	(46,831)	(42,315)	(4,516)	(41,721)	(5,110)
Gross profit	**2,626**	**3,021**	**(394)**	**3,159**	**(532)**
Other income	27	12	15	16	11
Gain on exchange rate	713	389	325	722	(9)
Administrative expenses	(264)	(243)	(21)	(268)	4
Income tax	(475)	(587)	112	(692)	217
Net income	**2,573**	**2,573**	**(0)**	**2,909**	**(336)**

Production Volumes

Petroleum products (thousands bbls)	Q1/18	Q4/17	Q1/17
Polymer Grade Propylene	375	262	417
Liquefied Petroleum Gas	664	643	815
Light Naphtha	665	603	688
Gasoline	4,001	3,469	3,885
Jet Fuel	1,444	1,084	1,008
Diesel	5,960	5,722	5,555
Fuel Oil	1,706	1,889	1,672
Asphalt	173	358	335
Mix C4	443	251	413
Other (1)	1,035	1,398	1,049
Total production	**16,466**	**15,680**	**15,837**

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

Total Sale Revenue

Petroleum products (US$ Million)	Q1/18	Q4/17	Q1/17
Polymer Grade Propylene	30	19	31
Liquefied Petroleum Gas (1)	31	32	43
Light Naphtha	39	37	37
Gasoline	473	399	398
Jet Fuel	121	96	69
Diesel	659	572	516
Fuel Oil	92	98	77
Asphalt	11	17	17
Mix C4	29	16	30
Crude	0	0	0
Others (2)	74	83	58
Total Revenue	**1,560**	**1,370**	**1,276**

(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).

Q1/18 sale revenue increased 14% compared to Q4/17 and increased 22% from Q1/17. The increase was mainly due to higher petroleum products price which was in line with the increase in crude oil price and slightly increase in sales volume of petroleum products to 16.8 million barrels in Q1/18 compared to 16.4 million barrels in Q4/17 and 16.0 million barrels in Q1/17.

In Q1/18, the company sold its petroleum products based on sale revenue to Chevron, PTT and other oil and petrochemical companies in the proportion of 50%, 39% and 11%, respectively.

Cost of Sales

Cost of sales in Q1/18 increased by 16% from Q4/17 and by 25% from Q1/17 primarily due to a higher average cost of crude oil and higher sale volume.

Gain (loss) on Foreign Exchange

Gain on foreign exchange for Q1/18 increased to US$22 million (Baht 713 million) from US$12 million (Baht 389 million) in Q4/17 and US$20 million (Baht 722 million) in Q1/17.

Gain on foreign exchange was primarily due to the appreciation of the Baht relative to the U.S. dollar during the quarter. Higher foreign exchange gain in Q1/18 compared to Q4/17 and Q1/17 was due to higher appreciation of Baht relative to U.S dollar in Q1/18.

Administrative Expenses

Administrative expenses in Q1/18 slightly increased US$1 million (Baht 21 million) from Q4/17 mainly from expenses relating to employee benefit. Comparing to Q1/17, administration expenses in Q1/18 was approximated at prior year quarter.

4) Analysis of Financial Position

	US$ Million				Baht Million		
	31 Mar 2018	31 Dec 2017	+/(-)	% +/(-)	31 Mar 2018	31 Dec 2017	+/(-)
Assets							
Cash & cash equivalent	169	66	102	155%	5,293	2,171	3,121
Other current assets	920	810	110	14%	28,888	26,593	2,295
Non-current assets	924	945	(21)	-2%	29,016	31,032	(2,017)
Total assets	**2,013**	**1,821**	**192**	**11%**	**63,196**	**59,797**	**3,399**
Liabilities							
Current liabilities	632	513	119	23%	19,852	16,848	3,004
Non-current liabilities	18	26	(8)	-32%	553	848	(295)
Total liabilities	**650**	**539**	**111**	**21%**	**20,406**	**17,696**	**2,710**
Equity							
Share capital & retained earnings	1,363	1,282	81	6%	49,324	46,751	2,573
Other component of shareholders'equity					(6,534)	(4,650)	(1,883)
Total equity	**1,363**	**1,282**	**81**	**6%**	**42,790**	**42,101**	**689**
Total liabilities & equity	**2,013**	**1,821**	**192**	**11%**	**63,196**	**59,797**	**3,399**

Assets

Total assets as of 31 Mar 2018 increased by US$192 million (Baht 3,399 million) from 31 Dec 2017, mainly from an increase in cash and current assets but partially offset by a decrease in non-current assets.

Total current assets increased US$212 million (Baht 5,416 million) due to:

a) an increase in cash & cash equivalent of US$102 million (Baht 3,121 million);
b) an increase in trade and other account receivable of US$55 million (Baht 1,190 million) from higher product sale volume and selling price.
c) an increase in inventory of US$51 million (Baht 975 million) mainly from higher crude inventory reflecting from timing of crude purchase and higher price; and
d) a slight increase in other current assets of US$4 million (Baht 130 million) from advance payment to suppliers.

Non-current assets was lower mainly from a decrease in property, plant and equipment of US$21 million (Baht 1,988 million) as depreciation expenses for Q1/2018 more than offset the additional capital investment in refinery reliability and efficiency projects.

Liabilities

Total liabilities as of 31 Mar 2018 increased US$119 million (Baht 3,004 million) from 31 Dec 2017. The increase in total liabilities are mainly from:

a) an increase in trade and other account payables of US$100 million (Baht 2,694 million) mainly from higher quantity of crude purchase and higher crude price;
b) an increase in excise tax payable of US$27 million (Baht 704 million) due to higher sale volume in Mar 18 comparing to Dec 17. Excise tax which included in product selling price will be paid to the government in the following month;
c) an increase in income tax payable of US$17 million (Baht 473 million) for the income tax for Q1/2018 profit which will be paid in Aug 18; and
d) partially offset by a decrease in long term borrowing of US$27 million (Baht 941 million) for loan repayment.

Shareholders' Equity

Shareholders' equity as of 31 Mar 2018 increased US$81 million (Baht 689 million) from 31 Dec 2017 resulted from the net profit in Q1/2018.

5) Statement of Cash Flow

Q1/2018	US$ Million	Baht Million
Net cash generated from operating activities	132	4,209
Net cash used in investing activities	(2)	(58)
Net cash used in financing activities	(27)	(835)
Net decrease in cash and cash equivalents	104	3,316
Cash and cash equivalents at the beginning of the period	**66**	**2,171**
Adjustments from foreign exchange translation	(1)	(195)
Cash and cash equivalents at the end of the period	**169**	**5,293**

SPRC cash and cash equivalents at 31 Mar 2018 was US$169 million (Baht 5,293 million), an increase of US$102 million (Baht 3,121 million) from 31 Dec 2017.

Details of cash flow activities in Q1/2018 are as follow.

a) Net cash generated from operating activities of US$132 million (Baht 4,209 million) which was primarily due to:
   - Q1/2018 net profit of US$81 million (Baht 2,573 million) and add back non-cash items of US$33 million (Baht 1,034 million);
   - cash generated from operating liabilities of US$129 million (Baht 4,076 million), mainly from an increase in trade and other payables of US$99 million (Baht 3,151 million) due to higher quantity of crude purchase in Mar 18 and timing of crude payment; but
   - partially offset by cash used in operating assets of US$110 million (Baht 3,474 million), mainly from an increase in trade receivable of US$55 million (Baht 1,732 million) due to higher sales

volume and product selling price, an increase in inventory of US$51 million (Baht 1,622 million) due to the increase in both inventory volume and price in Mar 2018, and a slight increase in other current assets of US$4 million (Baht 121 million) mainly from the advance payment to the suppliers.

b) Net cash used in investing activities of US$2 million (Baht 58 million), primarily on projects spending to increase refinery reliability and efficiency.

c) Net cash used in financing activities of US$27 million (Baht 835 million) for the long-term loan repayment.

6) Financial Ratios

		Q1/18	Q4/17	Q1/17
Current Ratio	(Time)	1.7	1.7	1.6
Net Profit Margin	(%)	5.2	5.7	6.4
Net Debt to Equity ratio	(Time)	0.5	0.4	0.5
Net Interest Bearing Debt to Equity ratio	(Time)	0.0	0.0	0.0

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)