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

For Quarter 2/2018 and 6 months ended June 2018

1) Company's Operating Result

(US$ Million)	Q2/18	Q1/18	+/(-)	Q2/17	+/(-)	6M/18	6M/17	+/(-)
Total Revenue	1,650	1,560	91	1,094	556	3,210	2,370	840
EBITDA	116	117	(1)	42	75	233	165	68
EBIT	95	96	(1)	21	74	191	124	67
Exchange (loss) gain	(15)	22	(37)	5	(20)	8	25	(18)
Net income	73	81	(8)	17	56	154	99	54
Net income (US$ per share)	0.02	0.02	(0.00)	0.00	0.01	0.04	0.02	0.01
Gross refining margin (US$/barrel) – accounting [(1)]	10.51	8.40	2.11	5.05	5.46	9.46	7.17	2.29
Market gross refining margin (US$/barrel) [(2)]	6.02	7.17	(1.15)	6.85	(0.83)	6.59	7.47	(0.88)

Crude intake (thousand barrels/day)	165.1	165.1	0.0	130.6	34.4	165.1	144.5	20.6

(Baht Million)	Q2/18	Q1/17	+/(-)	Q2/17	+/(-)	6M/18	6M/17	+/(-)
Total Revenue	52,984	49,458	3,526	37,748	15,236	102,442	82,627	19,814
EBITDA	3,717	3,732	(15)	1,447	2,263	7,448	5,808	1,640
EBIT	3,040	3,061	(21)	734	2,306	6,101	4,362	1,739
Exchange (loss) gain	(482)	713	(1,196)	173	(656)	231	896	(665)
Net income	2,323	2,573	(250)	594	1,729	4,896	3,503	1,393
Net income (Baht per share)	0.54	0.59	(0.06)	0.14	0.40	1.13	0.81	0.32

[(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$)	Q2/18	Q1/17	+/(-)	Q2/17	+/(-)	6M/18	6M/17	+/(-)
Average FX	32.12	31.71	0.41	34.45	(2.33)	31.91	34.87	(2.96)
Closing FX	33.33	31.41	1.92	34.15	(0.82)	33.33	34.15	(0.82)

In Q2/18 SPRC had sale revenue of US$1,650 million (Baht 52,984 million), slightly increased from Q1/18 due to higher average oil and product price while sale volume was nearly the same with Q1/18. In Q2/18 SPRC also continued to operate at high utilization with crude intake of 165.1 thousand barrels per day, or 100% of the refining capacity. SPRC EBITDA for Q2/18 was US$116 million (Baht 3,717 million), which approximated at Q1/18. Because of the increase in oil price during Q2/18, SPRC had high accounting gross refining margin of US$10.51/bbl comparing to US$8.40/bbl in Q1/18 while if excluding stock gain, market refining margin in Q2/18 was US$6.02/bbl which slightly lower than Q1/18 mainly impacted from higher crude premium and weaker crack spread. Despite higher accounting gross refining margin and stock gain in Q2/18 comparing to Q1/18, it was offset by the exchange loss due to the depreciation of Baht against U.S.Dollar which resulted to lower net income in Q2/18.

Compared Q2/18 with Q2/17, total sale revenue in Q2/18 increased as a result of higher product price and higher sale volume while Q2/17 was impacted from the CDU maintenance activity for 10 days in June. EBITDA and net income in Q2/18 significantly increased from Q2/17 driven by higher sale volume and higher accounting gross refining margin, which include stock gain during the rising in oil price while there was stock loss in Q2/17. Excluding stock gain (loss), market gross refining margin in

Q2/18 was slightly lower than Q2/17 due to weaker crack spread of gasoline

Compared 6M/18 with 6M/17, crude intake reached 100% utilization with 165.1 thousand barrels per day, increased from 144.5 thousand barrels per day in 6M/17 which was impacted from the CDU maintenance activity. EBITDA and net income for 6M/18 increased from 6M/17 as a result of higher sale volume from higher crude intake and higher accounting gross refining margin in 6M/18 which included stock gain during the rising in oil price. Excluding stock gain, market gross refining margin in 6M/18 was lower than 6M/17 due to weaker regional demand especially in gasoline.

2) Market Condition

MOPS Pricing	Q2/18	Q1/18	+/(-)	Q2/17	+/(-)
Dubai crude oil	72.12	63.92	8.20	49.78	22.34
Light Naphtha (MOPJ)	71.21	64.60	6.61	49.58	21.62
Gasoline (premium)	84.25	77.63	6.62	63.98	20.26
Jet Fuel	87.37	79.99	7.39	60.58	26.79
Diesel	86.73	78.68	8.05	61.14	25.59
Fuel Oil	67.69	58.98	8.71	47.95	19.74

Spread over Dubai	Q2/18	Q1/18	Q2/18	Q2/17	+/(-)
Light Naphtha (MOPJ)	-0.91	0.68	-1.59	-0.19	-0.72
Gasoline (premium)	12.13	13.71	-1.58	14.21	-2.08
Jet Fuel	15.26	16.07	-0.81	10.80	4.45
Diesel	14.61	14.76	-0.15	11.37	3.25
Fuel Oil	-4.43	-4.94	0.51	-1.82	-2.61

Average Dubai price for Q2/18 was US$72.12/bbl, increased from US$63.92/bbl in Q1/18 supported by the U.S. withdrew from the Iran's nuclear deal and announced a sanction on Iran, Venezuela's production decline and lower Libyan crude oil production due to the severe damages of the crude oil storages at Ras Lanuf and Es Sider ports. In Q3/18, Dubai price is expected to be pressured by increasing production from OPEC and non-OPEC producers as much as 1 million barrel a day to offset the shortfall in supply from Iran and Venezuela.

Gasoline spread over Dubai fell to US$12.13/bbl in Q2/18. Gasoline market trended downward in this quarter mainly influenced by the unexpected build in U.S. inventories, higher Singapore inventories and ample supply availability from regional refiners as refineries return from planned maintenance. Chinese gasoline exports in May was instance jumped from a year earlier to 1.47 million tons. A Singapore light distillates stock was 12.2 million barrels on average. Overall, inventories were about 8 percent higher than a year ago.

Naphtha spread over Dubai in Q2/18 averaged minus US$0.91/bbl. Naphtha margins were weighed by higher outright prices resulting from increasing crude oil prices, weaker than expected gasoline market and more supply availability from the region. Petro cracker plants are starting turnaround from mid-May to July 18 which pressured on naphtha market.

Jet and Diesel crack spreads over Dubai was slightly lower than previous quarter, averaging US$15.26/bbl and US$14.61/bbl, respectively. Middle distillate cracks were heavily supported by the lowest Singapore inventory, strong demand growth in India and robust imports from Indonesia and Vietnam. In May Singapore onshore middle-distillate stocks declined about 13 percent in a week to 7.2 million barrels, the lowest in pass four years. Overall, onshore middle-distillate inventories were about 46 percent lower than a year ago. High supplies, especially from China, were a key factor weight on market. In May China export rose up 62.6 percent to 2 million tons from the year earlier.

Fuel oil spread over Dubai in Q2/18 was minus US$4.43/bbl, was better than Q1/18 supported by strong market in June as tightening supply of cutter stock to blend down the high viscosity and density fuel oil, lower fuel oil output from Venezuela due to Iran sanction and higher domestic demand for power generation during summer in the Middle East leading to lower arbitrage flow into Asia.

Due to higher crude premium and weak in gasoline market, SPRC's average market refining margin in Q2/18 was US$6.02/bbl as compared to US$7.17/bbl in Q1/18 and US$6.85/bbl in Q2/17. In Q2/18, SPRC maximized margin by capturing crude benefit from term crudes and opportunity crudes , maximizing CDU and RFCCU throughput, placing all products domestically to maximize value of products sale.

Sources: EIA, Reuters, IHS, Platts

3) Financial Results

	US$ Million			US$ Million		US$ Million		
	Q2/18	Q1/18	+/(-)	Q2/17	+/(-)	6M/18	6M/17	+/(-)
Total Revenue	1,650	1,560	91	1,094	556	3,210	2,370	840
Cost of sales	(1,535)	(1,477)	(57)	(1,072)	(462)	(3,012)	(2,259)	(753)
Gross profit	116	83	33	22	94	198	111	87
Other income	1	1	0	0	1	2	1	1
Exchange (loss) gain	(15)	22	(37)	5	(20)	8	25	(18)
Administrative expenses	(7)	(8)	2	(6)	(1)	(15)	(14)	(1)
Income tax	(22)	(15)	(7)	(3)	(19)	(37)	(23)	(14)
Net income	73	81	(8)	17	56	154	99	54

	Baht Million			Baht Million		Baht Million		
	Q2/18	Q1/18	+/(-)	Q2/17	+/(-)	6M/18	6M/17	+/(-)
Total Revenue	52,984	49,458	3,526	37,748	15,236	102,442	82,627	19,814
Cost of sales	(49,278)	(46,831)	(2,447)	(36,989)	(12,289)	(96,109)	(78,710)	(17,399)
Gross profit	3,706	2,626	1,079	759	2,947	6,332	3,917	2,415
Other income	35	27	8	11	24	61	27	35
Exchange (loss) gain	(482)	713	(1,196)	173	(656)	231	896	(665)
Administrative expenses	(218)	(264)	46	(209)	(9)	(482)	(477)	(6)
Income tax	(707)	(475)	(232)	(115)	(592)	(1,182)	(808)	(375)
Net income	2,323	2,573	(250)	594	1,729	4,896	3,503	1,393

Production Volumes

Thousands barrels

Petroleum products	Q2/18	Q1/18	Q2/17	6M/18	6M/17
Polymer Grade Propylene	362	375	382	737	799
Liquefied Petroleum Gas	650	664	589	1,314	1,404
Light Naphtha	662	665	508	1,327	1,196
Gasoline	4,110	4,001	3,701	8,111	7,586
Jet Fuel	1,188	1,444	790	2,632	1,797
Diesel	6,055	5,960	4,449	12,015	10,003
Fuel Oil	1,796	1,706	1,579	3,502	3,252
Asphalt	226	173	219	399	554
Mix C4	467	443	579	910	992
Other (1)	1,199	1,035	986	2,234	2,035
Total production	**16,715**	**16,466**	**13,782**	**33,181**	**29,618**

(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	Q2/18	Q1/18	Q2/17	6M/18	6M/17
Polymer Grade Propylene	31	30	25	61	56
Liquefied Petroleum Gas (1)	32	31	27	63	70
Light Naphtha	49	39	26	88	62
Gasoline	486	473	361	959	759
Jet Fuel	113	121	48	234	117
Diesel	692	659	445	1,351	961
Fuel Oil	111	92	71	203	148
Asphalt	12	11	9	24	27
Mix C4	43	29	35	72	65
Crude	0	0	0	0	1
Others (2)	81	74	47	155	104
Total Revenue	**1,650**	**1,560**	**1,094**	**3,210**	**2,370**

(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).

Q2/18 sale revenue increased 6% compared to Q1/18 and increased 51% from Q2/17. The increase was mainly due to higher petroleum products price which was in line with the increase in crude oil price, partly offset with slightly decrease in sales volume of petroleum products to 16.6 million barrels in Q2/18 compared to 16.8 million barrels in Q1/18 and increased from 14.5 million barrels in Q2/17. Last year sale volume was lower which impacted from the maintenance activity.

Sale revenue for 6M/18 increased 35% compared to 6M/17. 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, and increase in sales volume of petroleum products to 33.4 million barrels in 6M/18 as compared to 30.5 million barrels in 6M/17.

In Q2/18, the company sold its petroleum products based on sale revenue to Chevron, PTT and other oil and petrochemical companies in the proportion of 55%, 33% and 12%, respectively.

Cost of Sales

Cost of sales in Q2/18 increased by 4% from Q1/18 primarily due to a higher average cost of crude oil.

Compared Q2/18 and 6M/18 with same period of last year, cost of sale increased 43% and 33% respectively primary due to higher average cost crude oil and higher sale volume.

Foreign Exchange (Loss) Gain

The depreciation of Baht relating to U.S. Dollar in Q2/18 has resulted to foreign exchange loss of US$15 million (Baht 482 million) comparing to foreign exchange gain of US$22 million (Baht 713 million) in Q1/18 and foreign exchange gain of US$5 million (Baht 173 million) in Q2/17 from Baht appreciation during those quarters.

Compared 6M/18 with 6M/17, foreign exchange gain decreased from US$25 million (Baht 896 million) in 6M/17 to US$8 million (Baht 231 million) in 6M/18 due lower appreciation of Baht relative to U.S dollar in 6M/18.

Administrative Expenses

Administrative expenses in Q2/18 slightly decreased US$2 million (Baht 46 million) from Q1/18 mainly from higher expenses relating employee benefit incurred in last quarter.

Compared Q2/18 with Q2/17 and 6M/18 with 6M/17, administrative expenses in 2018 were slight above the same period of prior year.

4) Analysis of Financial Position

	US$ Million				Baht Million		
	30 Jun 2018	31 Dec 2017	+/(-)	% +/(-)	30 Jun 2018	31 Dec 2017	+/(-)
Assets							
Cash & cash equivalent	97	66	30	46%	3,219	2,171	1,048
Other current assets	989	810	179	22%	32,950	26,593	6,356
Non-current assets	906	945	(38)	-4%	30,208	31,032	(825)
Total assets	**1,992**	**1,821**	**171**	**9%**	**66,377**	**59,797**	**6,579**
Liabilities							
Current liabilities	622	513	109	21%	20,734	16,848	3,886
Non-current liabilities	31	26	5	21%	1,043	848	195
Total liabilities	**653**	**539**	**115**	**21%**	**21,777**	**17,696**	**4,081**
Equity							
Share capital & retained earnings	1,339	1,282	56	4%	48,696	46,751	1,945
Other component of shareholders’equity					(4,096)	(4,650)	554
Total equity	**1,339**	**1,282**	**56**	**4%**	**44,600**	**42,101**	**2,499**
Total liabilities & equity	**1,992**	**1,821**	**171**	**9%**	**66,377**	**59,797**	**6,579**

Assets

Total assets as of 30 Jun 2018 increased by US$171 million (Baht 6,579 million) from 31 Dec 2017.

Total current assets increased US$209 million (Baht 7,404 million) mainly due to:

a) an increase in inventory of US$144 million (Baht 4,995 million) mainly from higher crude inventory reflecting from the timing of crude purchase and higher crude price;
b) an increase in trade and other account receivable of US$31 million (Baht 1,205 million) from higher product selling price; and
c) an increase in cash & cash equivalent of US$30 million (Baht 1,048 million)

Non-current assets was lower mainly from a decrease in property, plant and equipment of US$38 million (Baht 825 million) as depreciation expenses for 6M/18 more than offset the additional capital investment in refinery reliability and efficiency projects.

Liabilities

Total liabilities as of 30 Jun 2018 increased US$115 million (Baht 4,081 million) from 31 Dec 2017. The changes in total liabilities are mainly from:

a) an increase in trade and other payables of US$160 (Baht 5,465 million) mainly from higher quantity of crude purchase and higher crude price;
b) an increase in excise tax payable of US$12 million (Baht 426 million) due to higher domestic sale volume in Jun 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 deferred tax liabilities of US$5 million (Baht 178 million) resulted from exchange rate impact on temporary difference between accounting and tax book; and
d) partially offset by a decrease in long term borrowing of US$53 million (Baht 1,743 million) for loan repayment;
e) a decrease in value-added tax payable of US$6 million (Baht 198 million) due to VAT from higher crude purchase.

Shareholders' Equity

Shareholders' equity as of 30 Jun 2018 increased US$56 million (Baht 2,499 million) from 31 Dec 2017 resulted from the net profit in 6M/18 but partially offset by dividend payment from 2017 net profit of US$97 million (Baht 2,951 million).

5) Statement of Cash Flow

6M/18	US$ Million	Baht Million
Net cash generated from operating activities	184	5,816
Net cash used in investing activities	(7)	(226)
Net cash used in financing activities	(147)	(4,638)
Net decrease in cash and cash equivalents	**30**	**952**
Cash and cash equivalents at the beginning of the period	**66**	**2,171**
Adjustments from foreign exchange translation	1	96
Cash and cash equivalents at the end of the period	**97**	**3,219**

SPRC cash and cash equivalents at 30 Jun 2018 was US$97 million (Baht 3,219 million), an increase of US$30 million (Baht 1,048 million) from 31 Dec 2017.

Details of cash flow activities in 6M/18 are as follow.

a) Net cash generated from operating activities of US$184 million (Baht 5,816 million) which was primarily due to:

- 6M/18 net profit of US$154 million (Baht 4,896 million) and add back non-cash items of US$45 million (Baht 1,392 million);
- cash generated from operating liabilities of US$169 million (Baht 5,401 million), mainly from an increase in trade and other payables of US$162 million (Baht 5,161 million) due to higher quantity of crude purchase and higher crude price; but partially offset by
- cash used in operating assets of US$184 million (Baht 5,873 million), mainly from an increase in inventory of US$143 million (Baht 4,578 million) due to the increase in inventory volume in June 18 and an increase in trade receivable of US$37 million (Baht 1,176 million) due to higher product selling price.

b) Net cash used in investing activities of US$7 million (Baht 226 million), primarily on projects spending to increase refinery reliability and efficiency.

c) Net cash used in financing activities of US$147 million (Baht 4,638 million) for dividend payment of US$94 (2,951 million) for 2017 net profit and the long-term loan repayment of US$53 million (Baht 1,687 million)

6) Financial Ratios

		Q2/18	Q1/18	Q2/17	6M/18	6M/17
Current Ratio	(Time)	1.7	1.7	1.6	1.7	1.6
Net Profit Margin	(%)	4.4	5.2	1.6	4.8	4.2
Net Debt to Equity ratio	(Time)	0.5	0.5	0.4	0.5	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)