

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

For Quarter 1/2016

1) Company's Ong Result

(US\$ Million)	Q1/16	Q4/15	+ / (-)	Q1/15	+ / (-)
Total Revenue	933	1,127	(194)	1,383	(451)
EBITDA	81	87	(6)	119	(38)
EBIT	61	66	(5)	99	(39)
Exchange gain	7	1	7	5	3
Net income	48	51	(3)	80	(32)
Net income (US\$ per share)	0.01	0.01	-	0.02	(0.01)
Gross refining margin (US\$/barrel) – accounting ⁽¹⁾	6.69	7.63	(0.94)	9.34	(2.65)
Market gross refining margin (US\$/barrel) ⁽²⁾	8.26	11.77	(3.51)	11.82	(3.56)

Crude intake (thousand barrels/day)	163.4	165.5	(2.2)	163.1	0.3
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(Baht Million)	Q1/16	Q4/15	+ / (-)	Q1/15	+ / (-)
Total Revenue	33,408	40,560	(7,152)	45,364	(11,956)
EBITDA	2,894	3,126	(232)	3,904	(1,010)
EBIT	2,158	2,370	(212)	3,249	(1,091)
Exchange gain	267	29	238	157	110
Net income	1,703	1,846	(143)	2,601	(898)
Net income (Baht per share)	0.39	0.44	(0.05)	0.63	(0.24)

⁽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\$)	Q1/16	Q4/15	+ / (-)	Q1/15	+ / (-)
Average FX	35.81	35.99	(0.18)	32.79	3.02
Closing FX	35.41	36.25	(0.85)	32.70	2.70

In Q1/16 the company crude intake was 163.4 thousand barrels per day, or 99.0% of the refining capacity, slightly lower than 165.5 thousand barrels in Q4/15. For Q1/16, the company EBITDA was US\$81 million (Baht 2,894 million) a slight decrease of US\$6 million (Baht 232 million) from Q4/15 and a decrease of US\$38 million (Baht 1,010 million) from Q1/15. Net income for Q1/16 was US\$48 million (Baht 1,703 million), as compared to US\$51 million (Baht 1,846 million) in Q4/15 and US\$80 million (Baht 2,601 million) in Q1/15. The decrease in EBITDA and net income was primarily from a lower gross refining margin in Q1/16 comparing to Q4/15 and Q1/15.

Average oil and product prices declined in Q1/16 and as a result total sale revenue decreased in Q1/16 comparing to Q4/15 and Q1/15. Market gross refining margin in Q1/16 was at US\$8.26 per barrel, lower than US\$11.77 per barrel in Q4/15 and \$11.82 per barrel in Q1/15 due to lower Diesel and Jet spread over Dubai, but still supported by a strong Gasoline spread. Operating expenses were lower in Q1/16 compared to Q4/15, which had expenses related to the IPO, and approximately the same as Q1/15.

2) Market Condition

MOPS Pricing	Q1/16	Q4/15	+ / (-)	Q1/15	+ / (-)
Dubai crude oil	30.44	40.70	(10.25)	51.77	(21.33)
Light Naphtha (MOPJ)	38.29	49.40	(11.11)	54.75	(16.46)
Gasoline (premium)	49.34	59.39	(10.05)	67.13	(17.79)
Jet Fuel	42.12	54.77	(12.65)	68.83	(26.71)
Diesel	40.08	54.45	(14.37)	68.09	(28.01)
Fuel Oil	25.27	34.16	(8.89)	49.91	(24.64)

Spread over Dubai	Q1/16	Q4/15	+ / (-)	Q1/15	+ / (-)
Light Naphtha (MOPJ)	7.85	8.71	(0.86)	2.97	4.88
Gasoline (premium)	18.90	18.69	0.21	15.36	3.54
Jet Fuel	11.68	14.07	(2.39)	17.06	(5.38)
Diesel	9.64	13.75	(4.11)	16.31	(6.67)
Fuel Oil	(5.17)	(6.54)	1.37	(1.87)	(3.30)

In this quarter, crude oil prices were volatile with Dubai price moving between US\$23/bbl and US\$38/bbl. Average Dubai price for Q1/16 was US\$30/bbl, decreased from Q4/15 as a result of the continuing large over supply in the crude oil market. The U.S. crude oil stocks have reached record stock levels of 530 million barrels at the end of March. OPEC reports their production rates increased to 32.83 million barrels per day, higher than Q4/15 rates of 31.91 million barrels per day. Iran nuclear sanctions were lifted in mid of January and the average production rate was 3.13 million barrels per day, increased from 2.89 million barrels per day in Q4/15.

Petroleum product prices mostly followed crude prices. Gasoline spread over Dubai in Q1/16 was US\$18.90/bbl which provided significant support to SPRC's margin due to our high gasoline yield. It increased slightly from Q4/15 as supported by a healthy demand caused by low oil prices. China net imports increased by 50% from Q4/15, reflecting gasoline demand growth from increasing vehicle sales. US demand also remained strong. Market concerns on record high gasoline inventories had no apparent effect on pricing. U.S. gasoline stocks reached 258 million barrels in February and then declined down to 242 million at the end of March.

Naphtha spread over Dubai in Q1/16 averaged US\$7.85/bbl, with continuous support by demand for blending into the gasoline pool and petrochemical feedstock. Naphtha exports from Middle East were tight from stronger regional demand in petrochemical projects planning to start up in Saudi Arabia, UAE, Kuwait and Oman.

Jet spread over Dubai decreased from Q4/15 by US\$2.39/bbl due to unusually mild winter which decreased the demand of heating fuel, and high level of global inventories. Aviation fuel demand remained stable.

Diesel cracks also weakened, moving between US\$12.86/bbl and US\$6.61/bbl, reflecting lower industrial demand due to global economic slowdown and flooding of the diesel market from high refinery rates to take advantage of the high refinery margins. U.S. Diesel stocks hit a record high at 163 million barrels in February. Singapore stocks were also at high levels of over 12.5 million barrels in March. The export diesel volume from China increased 200% compared to the same quarter in 2015.

Fuel oil spread over Dubai in Q1/16, averaged minus US\$5.17/bbl, better than Q4/15, due to healthy demand from Vietnam and Africa and minimal impact from closed arbitrage from Asia and Middle East to EU amid an oversupply in the West. Ample supply and inventory builds eventually depressed the market starting mid 2015 toward Q1/16. Singapore's inventory rose to 29.2 million barrels resulting to fuel oil

spread has declined since the end of February.

Due to higher crude premiums and weaker overall product crack spreads, SPRC's average market refining margin in Q1/16 was US\$8.26/bbl as compared to US\$11.77/bbl in Q4/15 and US\$11.82/bbl in Q1/15. In Q1/16, the company took advantage of crude price benefits from opportunity crudes with narrow Brent/Dubai differentials which supported Far East crude. SPRC's margin was also supported by maximizing domestic placement for all products, with only 9% product exports.

Sources: EIA, Reuters, IHS, Platts

3) Financial Results

	US\$ Million			% +/-
	Q1/16	Q4/15	+ / (-)	
Total Revenue	933	1,127	(194)	(17)%
Cost of sales	(873)	(1,052)	179	(17)%
Gross profit	60	75	(15)	(20)%
Other income	1	1	0	21%
Gain on exchange rate	7	1	7	831%
Administrative expenses	(7)	(10)	4	(35)%
Income tax	(12)	(14)	2	(14)%
Net income	48	51	(3)	(7)%

	US\$ Million		% +/-
	Q1/15	+ / (-)	
Total Revenue	1,383	(451)	(33)%
Cost of sales	(1,283)	410	(32)%
Gross profit	100	(41)	(41)%
Other income	2	(1)	(69)%
Gain on exchange rate	5	3	56%
Administrative expenses	(8)	1	(12)%
Income tax	(20)	7	(37)%
Net income	80	(32)	(40)%

	Baht Million		
	Q1/16	Q4/15	+ / (-)
Total Revenue	33,408	40,560	(7,151)
Cost of sales	(31,295)	(37,871)	6,576
Gross profit	2,113	2,689	(576)
Other income	24	20	4
Gain on exchange rate	267	29	238
Administrative expenses	(239)	(368)	129
Income tax	(441)	(519)	78
Net income	1,703	1,846	(143)

	Baht Million	
	Q1/15	+ / (-)
Total Revenue	45,364	(11,956)
Cost of sales	(42,084)	10,789
Gross profit	3,279	(1,167)
Other income	70	(47)
Gain on exchange rate	157	110
Administrative expenses	(248)	9
Income tax	(647)	205
Net income	2,601	(898)

Production volume

Thousands barrels

Petroleum products	Q1/16	Q4/15	Q1/15
Polymer Grade Propylene	431	459	457
Liquefied Petroleum Gas	832	766	1,036
Light Naphtha	628	656	721
Gasoline	3,982	4,073	3,677
Jet Fuel	1,146	1,236	1,191
Diesel	5,616	6,060	5,770
Fuel Oil	1,751	1,428	1,375
Asphalt	391	532	404
Mix C4	410	526	307
Other ⁽¹⁾	1,214	1,335	1,468
Total production	16,400	17,070	16,405

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

Total sale revenue

US\$ Million

Petroleum products	Q1/16	Q4/15	Q1/15
Polymer Grade Propylene	23	25	31
Liquefied Petroleum Gas ⁽¹⁾	32	33	49
Light Naphtha	24	36	37
Gasoline	316	363	383
Jet Fuel	48	67	79
Diesel	368	438	585
Fuel Oil	40	42	67
Asphalt	7	24	29
Mix C4	16	30	30
Crude	21	-	4
Others ⁽²⁾	38	70	90
Total Revenue	933	1,127	1,383

(1) Includes Government LPG and oil subsidies.

(2) Includes sulfur, reformat and products sold pursuant to our cracker feed exchange with PTT Global Chemical (PTTGC).

Total sale revenue for Q1/16 decreased 17% as compared to Q4/15 and decreased 33% compared to Q1/15. The decrease was mainly due to declines in average selling price for petroleum products which is in line with the decrease in crude oil price and a decrease in sales volume of petroleum products to 16.5 million barrels in Q1/16 as compared to 17.2 million barrels in Q4/15 and 16.8 million barrels in Q1/15.

In Q1/16, the company sold its petroleum products to Chevron, PTT and other oil and petrochemical companies in the proportion of 55%, 31% and 14%, respectively, by sale revenue.

Cost of Sales

In Q1/16, cost of sales decreased 17% from Q4/15 and 32% from Q1/15 primarily due to a decrease in the average cost of crude oil, in line with average prices quoted by MOPS for Dubai crude oil and a decrease in sale volume.

Other Income

Other income for Q1/16 was US\$1 million (Baht 24 million), slightly increased 21% from Q4/15 from higher interest income, but decreased 69% from Q1/15 mainly due to lower oil storage fee, less export tax subsidy and lower interest income.

Gain on Foreign Exchange

Gain on foreign exchange for Q1/16 increased US\$7 million (Baht 238 million) or 831% from Q4/15 and increased US\$3 million (Baht 110 million) or 56% from Q1/15.

Gain on foreign exchange increase in Q1/16 primarily due to the higher appreciation of the Baht relative to the U.S. dollar during Q1/16 as compared to the appreciation of the Baht relative to the U.S. dollar during Q4/15 and Q1/15. This resulted in an increase in the value of our Baht denominated receivables when converted to U.S. dollar equivalent. The increase in the gain on foreign exchange was partially offset by the increase in the value of capital reduction and dividend payables when the value of the Baht appreciated.

Administrative Expenses

Q1/16 administrative expenses decreased US\$4 million (Baht 129 million) or 35% from Q4/15, primarily due to consulting fees related to the IPO in Q4/15 and slightly decreased US\$1 million (Baht 9 million) from Q1/15.

Income Tax Expenses

Income tax rate was 20%. Income tax expense for Q1/16 decreased US\$2 million (Baht 78 million) from Q4/15 and US\$7 million (Baht 205 million) from Q1/15 mainly as a result of lower gross refining margin which resulted to lower taxable profit.

4) Analysis of Financial Position

	US\$ Million				Baht Million		
	31 Mar 2016	31 Dec 2015	+ / (-)	% + / (-)	31 Mar 2016	31 Dec 2015	+ / (-)
Assets							
Cash & cash equivalent	198	109	89	82%	7,012	3,949	3,064
Other current assets	513	495	18	4%	18,164	17,933	232
Non-current assets	1,064	1,082	(18)	(2)%	37,689	39,240	(1,551)
Total assets	1,776	1,686	89	5%	62,866	61,122	1,744
Liabilities							
Current liabilities	608	552	56	10%	21,533	20,021	1,511
Non-current liabilities	106	121	(14)	(12)%	3,764	4,376	(612)
Total liabilities	714	673	41	6%	25,296	24,397	899
Equity							
Share capital & retained earnings	1,061	1,013	48	5%	39,171	37,468	1,703
Other component of shareholders' equity					(1,601)	(743)	(858)
Total equity	1,061	1,013	48	5%	37,570	36,725	845
Total liabilities & equity	1,776	1,686	89	5%	62,866	61,122	1,744

Assets

As of 31 March 2016, total assets were US\$1,776 million (Baht 62,866 million), an increase of US\$89 million (Baht 1,744 million) from 31 December 2015. The increase is mainly from the increase in current asset as detailed below.

- 1) an increase in cash & cash equivalent of US\$89 million (Baht 3,064 million) from operating profit in Q1/16;
- 2) an increase in trade and other receivables of US\$20 million (Baht 504 million) due to higher average selling prices (which include excise tax) in March 2016 comparing to average selling price in December 2015; and
- 3) partially offset by a decrease in advance income tax of US\$5 million (Baht 193 million) due to a refund of 2014 advance income tax that the company received from government authority in February 2016.

Non-current assets decreased from a decrease in property, plant and equipment of US\$19 million (Baht 1,589 million) mainly from depreciation partially offset by capital investment of US\$3 million in small projects to increase refinery reliability.

Liabilities

As of 31 March 2016, the company's total liabilities increased US\$41 million (Baht 899 million) from 31 December 2015. The changes in total liabilities are mainly from increases in:

- 1) Trade and other account payables of US\$34 million (Baht 1,053 million). Trade payables increased mainly from timing of crude payment. In normal business operation, the company will purchase crude in a quantity that matches with the production and sale volume. However trade payables at any date could vary depending on the timing of crude shipments and when the account payable is recorded; and
- 2) current income tax payable of US\$13 million (Baht 444 million) from taxable profit in Q1/16.

The increase was partially offset by decreases in:

- 1) Long term borrowing of US\$9 million (Baht 387 million) from 1st repayment of borrowing that was made in March 2016; and
- 2) Deferred tax liabilities of US\$6 million (Baht 231 million) which resulted from the temporary differences between the amount of assets and liabilities in tax base and in the financial statements which were mainly caused by the translation of US\$ financial statements using exchange rates at the period end.

Shareholders' Equity

As of 31 March 2016, the company's shareholders' equity increased US\$48 million (Baht 845 million) from 31 December 2015 resulted from the net profit in Q1/16.

5) Statement of Cashflow

Q1/16	US\$ Million	Baht Million
Net cash generated from operating activities	103	3,670
Net cash used in investing activities	(4)	(146)
Net cash used in financing activities	(9)	(329)
Net increase in cash and cash equivalents	90	3,195
Cash and cash equivalents at the beginning of the period	109	3,949
Adjustments from foreign exchange translation	(1)	(131)
Cash and cash equivalents at the end of the period	198	7,012

The company cash and cash equivalents at 31 March 2016 was US\$198 million (Baht 7,012 million), an increase of US\$89 million (Baht 3,064 million) from 31 December 2015.

Details of cash flow activities in Q1/16 are as follows:

- 1) Net cash generated from operating activities of US\$103 million (Baht 3,670 million) which was primarily due to:
 - Q1/16 net profit of US\$48 million (Baht 1,703 million) and added back non-cash items of US\$36 million (Baht 1,285 million);
 - cash generated from operating liabilities of US\$37 million (Baht 1,331 million) from an increase in trade and other payables of US\$35 million (Baht 1,266 million) due to timing of payment on crude purchase;
 - partially offset by cash used in operating assets of US\$18 million (Baht 649 million) mainly from an increase in trade and other receivables of US\$21 million (Baht 735 million) due to higher selling price of products in March 2016.
- 2) Net cash used in investing activities of US\$4 million (Baht 146 million), primarily attributable to projects to increase refinery reliability.
- 3) Net cash used in financing activities of US\$9 million (Baht 329 million), from cash used for repayment for long term borrowing

6) Financial Ratios

		Q1/16	Q4/15	+ / (-)	Q1/15	+ / (-)
Current Ratio	(Time)	1.2	1.1	0.1	1.4	(0.2)
Net Profit Margin	(%)	5.1	4.6	0.5	5.7	(0.6)
Return on Equity	(%)	17.1	20.7	(3.6)	(5.2)	22.3
Return on Total Assets	(%)	10.8	13.0	(2.2)	(3.3)	14.1
Net Debt to Equity ratio	(Time)	0.7	0.7	0.0	0.5	0.2
Net Interest Bearing Debt to Equity ratio	(Time)	0.0	0.0	0.0	0.0	0.0

Note:

Current Ratio	= Current Assets / Current Liabilities	(Time)
Net Profit Margin	= Quarter (Net Profit(Loss) / Total Revenue)	(%)
Return on Equity	= 12 months (Net Profit(Loss) / Average Shareholders' Equity)	(%)
Return on Total Assets	= 12 months (Net Profit(Loss) / Average Total Assets)	(%)
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)