

Q&A Summary 2Q22 Analyst Conference

Chemicals

Q: Would you help elaborate more on Vietnam's domestic demand for chemicals and LSP's ability to capture its share of the market?

A: Vietnam is a Net Importer for PE and PP and net shortage for these products is approximately 3 million tons per annum. LSP's PE and PP capacity is around 1.4 million tons.

With regards to commercialize strategy in the 1st year, LSP has prudently entered into Vietnam market by managing and balancing product portfolio, and will continue to do so as part of the broader SCGC's pan ASEAN product rationalization.

Q: In terms of economic situation, assuming PE-Naphtha spread stays at current level at around \$400/ton, would this situation affect LSP's startup timeline or utilization rate in the 1st year?

A: In terms of planned startup, LSP has been doing commercial preparation while the plant has been focusing primarily on safety readiness for the startup. We have also been providing training to our people. With regards to economic situation and product spread, we continue to actively monitor the market dynamics.

Q: Is the inventory level for plastic converters higher than normal and if so, will this require additional production cut in the 3rd quarter? Could you provide additional information on Vietnam's import parity price from logistics cost and imported tariff?

A: In countries currently seeing less COVID-19 impact such as Thailand, converters' demand for food packaging sector, electronic appliances, and automotive remains healthy. Yet, what remains an issue is ongoing zero-Covid19 policy in China and resulting lockdown which has led to weak demand in the country.

In the 3rd quarter, we see the main trigger point for demand recovery to be China's Covid19 lockdown. We expect India's demand to recover after the 3rd quarter since Q3 is the monsoon season that typically weaken demand.

Regarding Vietnam, key competitive advantage of LSP is its proximity to the market. We also provide sales and marketing, as well as technical support to our customers, reinforcing our domestic competitive advantages.

Q: Could you elaborate more on how long will it take for LSP's commissioning? When will LSP start to book Sales revenue of the downstream?

A: LSP's mechanical completion begins with utility startup and downstream unit startup by the end of this year. Upstream unit startup is scheduled for H1/2023. Practically, ramp up will take approximately 3-6 months.

Revenue recognition normally after startup. However, since there will be new accounting rules (IFRS) starting from next year relating to revenue recognition, these issues are still being clarified.

Q: According to LSP's startup timeline, does the startup date refer to plant startup or commercial startup?

A: LSP's startup timeline that is on the slide is the plant startup (downstream + upstream).