

Ref. PDI/BK-BS-41/2018

11<sup>th</sup> May 2018

To: President  
The Stock Exchange of Thailand

**Re: Clarification on Company's performance of the 1<sup>st</sup> Quarter 2018**

Unit : Baht million	1st Quarter	
	2018	2017
Sales and services	1,289.28	1,516.71
Cost of sales and services	(1,154.32)	(1,171.34)
Gross Profit	134.95	345.36
Gain/(Loss) on exchange rate	0.78	9.23
Other Income	62.78	51.35
Profit/(Loss) before expenses	198.51	405.94
Selling and Administrative expenses	(79.68)	(116.83)
Share of Gain/(Loss) from equity method	(4.39)	12.86
Finance cost	(18.06)	(0.02)
Profit/(Loss) before tax	96.38	301.95
Corporate Income Tax	0.39	10.66
<b>Net Profit/(Loss) after tax-attributed to Company</b>	<b>96.77</b>	<b>312.61</b>
Earning per share (Baht/share)	0.43	1.38

For the first quarter of 2018, Padaeng Industry Public Company Limited announces a **consolidated net profit of 96.77MB**, compared to a net profit of 312.61MB for the same quarter previous year.

Due to depletion of Mae Sod Mine's reserves, PDI stopped its mining activities in 2016 and ceased conventional zinc business by the end of 2017. Whilst sustaining the zinc business as a trading business, PDI reassessed its business structure to move towards Green Businesses targeting renewable energy, material recycling and eco management. To pursue its business strategy, 36 MW solar farms in Thailand have been acquired in late 2016 and during 2017. In 2018, the revenues from renewable energy are starting to contribute a significant portion of the profits.

Sales and services of Q1 2018 reached 1,289.28MB, a decrease of 15% from 1,516.71MB in Q1 2017, of which 92% contributed from zinc trading business and 7% from renewable energy. The decrease mainly resulted from a drop in total sales volumes and the appreciation of Thai Baht against USD despite a sharp increase in LME zinc price. The USD zinc price increased by 23% from 2,781USD/ton in Q1 2017 to 3,422USD/ton in Q1 2018. Thai Baht appreciated against the US dollar by 10% from 35.29 THB/USD in Q1 2017 to 31.71 THB/USD in Q1 2018. As a result of the ceasing of the zinc operations, the sales volumes of imported metals reached 96% of total sales in Q1 2018.

Costs of goods sold decreased by 1% to 1,154.32MB in Q1 2018 from 1,171.34MB in Q1 2017 due to higher unit cost of imported metals against the unit cost of PDI's own production. This resulted to a decrease of gross profit rate of Q1 2018 by 12% from Q1 2017. The selling and administrative expenses in Q1 2018 decreased significantly by 32% from 116.83MB in Q1 2017 to 79.68MB due to several cost reduction actions in the conventional zinc business.

Other incomes of Q1 2018 reaches 62.78MB which included sales of obsolete assets while sales of investment in Mae Sod Clean Energy Co., Ltd. of 59.10MB was included in Q1 2017.

PDI remains actively looking for projects with acceptable risks and substantial returns, in South East Asia and beyond, targeting area's in Energy, Eco and Materials. Other M&A targets, when encouraging, will be considered as well.

Please be informed accordingly.

Yours truly,

- Signature -

(Ms. Suthathip Pilasarom)  
Company Secretary

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