

Ref. PDI/BK-BS-036/2019

10th May 2019

Re: Management Discussion and Analysis (MD&A)
For the three-month period ended March 31, 2019

To: President
The Stock Exchange of Thailand

PDI reassessed its business structure to move towards Green Businesses targeting renewable energy, materials recycling and eco management. To pursue its business strategy, 36 MW solar farms in Thailand have been acquired in 2016 and 2017. The revenues from renewable energy are starting to contribute a significant portion of the profits since 2018 onward.

Subsequently, on November 6, 2018, the Board of Directors of the Company had resolved the resolution to the Company that it shall cease metals trading business at the end of the first quarter of 2019.

Padaeng Industry Public Company Limited and its subsidiaries (“the Company”) would like to announce the operating results for the three-month period ended March 31, 2019, which has been reviewed by an auditor as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS	For the three-month periods ended March 31,					
	Continuing operations		Discontinued operation		Total	
	2019	2018	2019	2018	2019	2018
REVENUES	109.66	127.33	531.28	1,244.47	640.94	1,371.80
<i>Revenue from sales electricity</i>	92.22	91.50	-	-	92.22	91.50
<i>Revenue from sales and services</i>	3.45	4.75	503.81	1,212.78	507.26	1,217.53
<i>Other income</i>	13.99	31.08	27.47	31.69	41.46	62.77
EXPENSES	(104.58)	(110.66)	(525.03)	(1,160.37)	(629.61)	(1,271.03)
<i>Cost of sales electricity</i>	(38.53)	(42.06)	-	-	(38.53)	(42.06)
<i>Cost of sales and services</i>	(1.13)	(3.15)	(508.06)	(1,109.11)	(509.19)	(1,112.26)
<i>Selling expenses</i>	-	-	(1.86)	(11.32)	(1.86)	(11.32)
<i>Operating and administrative expenses</i>	(36.19)	(43.63)	(15.11)	(24.73)	(51.30)	(68.36)
<i>Loss on exchange rate</i>	(12.49)	(3.76)	-	(15.21)	(12.49)	(18.97)
<i>Finance costs</i>	(16.24)	(18.06)	-	-	(16.24)	(18.06)
SHARE OF LOSS OF INVESTMENT IN JOINT VENTURES ON EQUITY	(0.57)	(4.39)	-	-	(0.57)	(4.39)
INCOME BEFORE TAX	4.51	12.28	6.25	84.10	10.76	96.38
INCOME TAX INCOME	0.56	0.39	-	-	0.56	0.39
NET PROFIT FOR THE PERIODS	5.07	12.67	6.25	84.10	11.32	96.77

Continuing operations

For the three-month period ended March 31, 2019, the Company announces a consolidated net profit of Baht 5.07 million, compared to a net profit of Baht 12.67 million for the same period of previous year. This is mainly due to loss on revaluation foreign exchange rate.

Sales electricity and services for the three-month period ended March 31, 2019 reached Baht 95.67 million, a decrease of 1% from Baht 96.25 million for the same period of previous year, of which 96% contributed from renewable energy business and 4% from others business of sales electricity and services of the Company.

Total expenses for the three-month period ended March 31, 2019 reached Baht 104.58 million, a decrease of 6% from Baht 110.66 million for the same period of previous year. The main reasons for the substantial difference are as follows:

- Costs of sales electricity and service for the three-month period ended March 31, 2019 amounting Baht 39.66 million decreased by 12% for the same period of previous year amounting Baht 45.21 million from cost management by carefully set up own operational and maintenance for machines and equipment of solar farms.
- Selling and Administrative expenses for the three-month period ended March 31, 2019 amounting Baht 36.19 million decreased by 17% for the same period of previous year amounting Baht 43.63 million from excellence in cost management. This is due to restructuring and continuously minimizing operating and administrative expenses throughout the period.
- Loss on exchange rate for the three-month period ended March 31, 2019 amounting Baht 12.49 million increased by 232% for the same period of previous year amounting Baht 3.76 million due to the Company recognized unrealized loss on exchange rate from revaluation foreign exchange rate.
- Finance costs for the three-month period ended March 31, 2019 decreased by Baht 1.82 million mainly from decrement of loan principal from payment loan during the period.

Discontinued operation

During 2018, the Board of Directors' Meeting of Padaeng Industry Public Company Limited had resolved the resolution to cease metals trading business at the end of the first quarter of 2019 onward. As a result, the Company had discontinued operation in metals trading business. Profit for the period from discontinued operation for the three-month period ended March 31, 2019 in amount of 6.25 million decreased by 93% compared to a net profit of Baht 84.10 million for the same period of previous year from decline in total sales volumes of zinc and the continuous decrease in LME Zinc price during the period.

For the three-month period ended March 31, 2019 needs to be evaluated as the early stage into the transition of the company to new sustainable business. To enhance its return to profitability, PDI will:

- Carefully screen its assets and sell those that are no longer useful. In doing so expenses will be reduced and cash will be generated to invest in new M&A targets.
- Further manage down its OPEX to minimize spending.
- Continue its quest for new projects with controllable risks and sustainable returns, in and beyond Thailand, targeting area's in Energy, Eco and Materials. M&A targets in any other area, when encouraging, will be considered as well.

Please be informed accordingly.

Yours truly,

-- Signature --

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