

May 13, 2019

The President

The Stock Exchange of Thailand

Dear Sir/Madam,

Re: Management's Discussion and Analysis on 1Q/2019

### 1Q/2019 Highlight

- Our fertilizer volume dropped 34% YoY mainly due to slow down export to Philippines.
- Pesticide revenue grew 12% YoY to Baht 40.7 million.
- Our factory area for leasing and service continued to be fully utilized with revenue improve 24% YoY.

### Overview

In 1Q/2019, fertilizer industry in Vietnam was affected by unfavorable weather condition delaying the start of season into end April-May. Still high raw material prices and increase in import of NPK especially from China after they cancelled the export tax on NPK of 16.5% that particularly affected our near sea export market, such as Philippines. Many fertilizer producers suffered a sharp decline in their profitability. Our revenue decreased 22% YoY to Baht 544.7 million mainly due to 81% slump in our export volume. While almost triple sales of single fertilizer representing 37% of total sales volume, our gross margin (spread margin) reduced to 15.5% comparing to 23.5% in 1Q/2018. As a result, PMTA reported net losses of Baht 23.9 million in 1Q/2019.

**Table 1: Performance Summary**

<i>in Million Baht</i>	1Q/18	4Q/18	1Q/19	% YoY	% QoQ
<b>Revenue from sales</b>	696.4	623.8	544.7	-22%	-13%
<b>Gross Profit*</b>	163.8	145.7	84.5	-48%	-42%
Gross Margin (%)	23.5%	23.4%	15.5%		
<b>EBITDA</b>	41.7	25.3	0.0	-100%	-100%
EBITDA Margin (%)	6.0%	4.1%	0.0%		
<b>Net Profit</b>	6.0	5.3	(23.9)	-501%	-552%
Net Profit Margin (%)	0.9%	0.8%	-4.4%		
<b>Basic earnings per share (in Baht)</b>	0.06	0.05	(0.24)	-501%	-552%

Remark \*Gross Profit = Sales Revenue - Raw Material Cost

### Fertilizer, Pesticide and Factory Area Leasing Business

Our fertilizer volume in 1Q/2019 was 34,323 tons decreasing 34% YoY. Single fertilizer volume grew 171% YoY mainly from trading transactions while NPK fertilizer volume dropped 54% YoY to 21,561 tons. Domestic NPK fertilizer dropped approximately 17% YoY because of lower demand of premium NPK. Export volume slumped 81% YoY from 25,869 tons to 4,954 tons in 1Q/2019 mainly due to declining in export to Philippines, Madagascar and Myanmar. Tevenue from pesticide grew 12% to Baht 40.7 million in 1Q/2019.

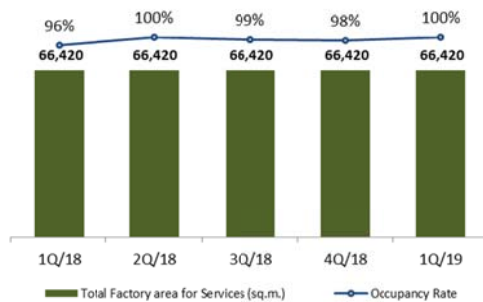
**Table 2: Sales Volume**

Unit: Tons	1Q/18	4Q/18	1Q/19	% YoY	% QoQ
NPK Fertilizer	47,264	34,473	21,561	-54%	-37%
Single Fertilizer	4,717	4,572	12,762	171%	179%
<b>Total</b>	<b>51,981</b>	<b>39,045</b>	<b>34,323</b>	<b>-34%</b>	<b>-12%</b>

**Table 3: Sales Volume Breakdown**

Unit: Tons	1Q/18	4Q/18	1Q/19	% YoY	% QoQ
Domestic	26,112	26,635	29,369	12%	10%
Export	25,869	12,410	4,954	-81%	-60%
<b>Total</b>	<b>51,981</b>	<b>39,045</b>	<b>34,323</b>	<b>-34%</b>	<b>-12%</b>

**Factory Area Management Services & Occupancy Rate**



Revenue from the factory area management services and other income improved 26% to Baht 16.7 million. With total space of 66,420 sqm, our factory area and facilities have been utilized fully to serve our customers while approximately 15,000 sqm has been internally used for our fertilizer storage.

## Consolidated Performance

**Table 4: Income Statement**

<i>in Million Baht</i>	1Q/18	4Q/18	1Q/19	% YoY	% QoQ
<b>Revenue from sales</b>	696.4	623.8	544.7	-22%	-13%
<i>Fertilizer</i>	660.1	577.0	504.0	-24%	-13%
<i>Pesticide</i>	36.3	46.7	40.7	12%	-13%
<b>Raw Material Costs</b>	(532.5)	(478.0)	(460.2)	-14%	-4%
<b>Gross Profit *</b>	163.8	145.7	84.5	-48%	-42%
Service & Other Income	13.2	15.6	16.7	26%	7%
Operating Cost	(60.6)	(51.9)	(44.1)	-27%	-15%
Cost of providing services	(6.0)	(7.8)	(7.8)	29%	1%
SG&A	(68.7)	(76.4)	(49.2)	-28%	-36%
<b>EBITDA</b>	41.7	25.3	0.0	-100%	-100%
Depreciation & Amortization	(16.6)	(16.9)	(16.5)	-1%	-2%
<b>EBIT</b>	25.1	8.4	(16.5)	-166%	-295%
Financial Cost	(1.3)	(1.5)	(3.5)	165%	125%
Gain/(Loss) from Foreign Exchange	(12.6)	2.0	(3.9)	69%	-294%
Profit before income tax	11.2	8.9	(23.8)	-313%	-368%
Income Tax Expense	(5.2)	(3.6)	(0.1)	-98%	-98%
<b>Net Profit</b>	6.0	5.3	(23.9)	-501%	-552%

Remark \*Gross Profit = Sales Revenue - Raw Material Cost

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Our revenue from sales in 1Q/2019 was Baht 544.7 million decreased 22% YoY mainly from the decreased in NPK sales in both domestic and export market. As a result, gross profit dropped 48% to Baht 84.5 million. Our operating cost was down 27% YoY due to decrease in fuel cost and SG&A expenses decreased 28% YoY due to the decrease in export transportation expenses. Subsequently, PMTA reported the consolidated financial statements for 1Q/2019 with net losses of Baht 23.9 million.

Yours faithfully,  
**PM Thoresen Asia Holdings Public Company Limited**

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Mr. Sigmund Stromme  
Managing Director