

Ref. PDI/BK-BS-026/2017

12th May 2017

To: President
The Stock Exchange of Thailand

Re: Clarification on Company's performance of the 1st Quarter 2017

Unit : Baht million	1 st Quarter	
	2017	2016
Sales and services	1,516.71	1,216.51
Cost of sales and services	(1,171.34)	(1,090.89)
Gross Profit	345.36	125.62
Gain/(Loss) on exchange rate	9.23	6.87
Other Income	51.35	5.35
Profit/(Loss) before expenses	405.94	137.84
Selling and Administrative expenses	(116.83)	(101.80)
Share of Gain/(Loss) from equity method	12.86	(4.93)
Finance cost	(0.02)	(0.75)
Profit/(Loss) before tax	301.95	30.36
Corporate Income Tax	10.66	(0.19)
Net Profit/(Loss) after tax-attributed to Company	312.61	30.17
Earning per share (Baht/share)	1.38	0.13

For the first quarter of year 2017, Padaeng Industry Public Company Limited announces a **consolidated net profit of 312.61MB**, compared to a net profit of 30.17MB for the same quarter of previous year.

Sales and services of Q1 2017 reached 1,516.71MB, an increase of 300.20MB or 25% from 1,216.51MB in Q1 2016. This mainly resulted from a significant increase in USD zinc price and continued advantageous market premium, despite a decrease of 12% in sales volumes. The USD zinc price was sharply increased by 66% to 2,781USD/ton in Q1 2017 from 1,676USD/ton in Q1 2016. The Thai Baht against the US dollar slightly appreciated from 35.83THB/USD in Q1 2016 to 35.29THB/USD in Q1 2017. The average market premium of Q1 2017 remained high at the same level of Q1 2016. Due to the ceasing of the zinc operation, the company, in Q1 2017, started trading business of zinc metals to support local customers. Sales from trading reached 23% of total sales.

In February 2017, PDI's investment in Mae Sod Clean Energy was sold to MP Energy Co. Ltd., one of its shareholders in the amount of 59.06MB which was included in the other incomes.

Costs of goods sold increased by 7% to 1,171.34MB in Q1 2017 from 1,090.89MB in Q1 2016, mainly from costs of imported zinc metal for trading. The optimization of raw materials feed mitigated the increase of zinc operating expenses, by using almost exclusively Maesot ore reserves. Consequently gross profit increased significantly to 345.36MB in Q1 2017 from 125.62MB in Q1 2016, equivalent to 175%.

Selling and administrative expenses in Q1 2017 slightly increased to 116.83MB from 101.80MB in Q1 2016, mainly from an increase of the provision for the cadmium litigation case in Maesot, in line with the latest appeal court ruling. The company also recognized the additional deferred tax assets of 27.92MB resulting in a corporate tax income of 10.66MB in this quarter.

The company continues to make significant progress in the realization of its make-over strategy, especially the energy investment. The first 2.27MW solar farm in Japan, invested through the company's subsidiary, PDI Energy, successfully commissioned in October 2016, operating 8% above target. A second solar farm of 10.73MW in Japan is under construction and expected to commission in the 3rd Quarter of 2017. In December 2016, the company through its subsidiary, PDI Energy, acquired 99.99% of ordinary shares in PDI Mae Ramat operating a 6.3MW solar power plant in Tak province. The Mae Ramat solar farm started operating in 2013.

For Eco management and Recycling Material business, projects are under technical development and permits applying process. PDI remains actively looking for projects with acceptable risks and substantial returns, in South East Asia and beyond, targeting area's such as Energy, Eco and Materials. Other M&A targets, when encouraging, will also be considered.

Please be informed accordingly.

Yours truly,

- Signature -

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