

Ref. PDI/BK-BS-010/2017

February 24th, 2017

To: President
The Stock Exchange of Thailand

Re: Clarification on Company's performance of the 4th Quarter and Full Year 2016

Unit : Baht million	4 th Quarter		Full Year	
	2016	2015	2016	2015
Sales and services	1,408.07	1,229.78	5,148.52	4,868.14
Cost of sales and services	(1,092.37)	(1,031.07)	(4,203.81)	(4,083.11)
Gross Profit	315.70	198.71	944.71	785.03
Gain/(Loss) on exchange rate	(65.40)	39.90	(34.96)	(13.43)
Other Income	70.95	7.20	192.42	622.19
Profit/(Loss) before expenses	321.24	245.82	1,102.17	1,393.79
Selling and Administrative expenses	(126.90)	(338.36)	(499.75)	(760.06)
Share of Gain/(Loss) from equity method	2.85	(11.59)	(48.57)	(8.23)
Finance cost	(0.97)	(1.18)	(4.80)	(7.69)
Profit/(Loss) before tax	196.22	(105.31)	549.04	617.81
Corporate Income Tax	(70.67)	(56.55)	(71.27)	(241.79)
Net Profit/(Loss) after tax-attributed to Company	125.55	(161.86)	477.77	150.76
Earning per share (Baht/share)	0.55	(0.71)	2.11	0.67

For the full year 2016, Padaeng Industry Public Company Limited announces a **consolidated net profit of 477.77MB**, compared to a net profit of 150.76MB for previous year.

For the fourth quarter of 2016, Padaeng Industry Public Company Limited announces a **consolidated net profit of 125.55MB**, compared to a net loss of 161.86MB for the same quarter of previous year.

Sales and services of Q4 2016 reached 1,408.07MB, an increase of 178.29MB or 15% from 1,229.78MB in Q4 2015. This resulted mainly from a 56% increase in USD zinc price and 4% higher sales volumes compared to Q4 2015. The USD zinc price increased to 2,518USD/ton in Q4 2016 from 1,611USD/ton in Q4 2015. However, due to strong market competition and stagnating situation of the Thai economy, local market premiums dropped 21% compared with Q4 2015. Thai Baht appreciated against the US dollar by 1% from 36.00 THB/USD in Q4 2015 to 35.57 THB/USD in Q4 2016.

Costs of goods sold increased by 6% to 1,092.37MB in Q4 2016 from 1,031.07MB in Q4 2015 in line with increased sales volumes. Higher utilization of Maesod mine raw materials, continued reduced energy costs and savings of operating expenses have more than compensated the impact of accelerated depreciations from the eminent ceasing of the zinc operations. As a result, gross profit increased by 59% to 315.70MB in Q4 2016, from 198.71MB in Q4 2015.

The selling and administrative expenses in Q4 2016 decreased to 126.90MB from 338.36MB in Q4 2015. The decrease resulted mainly from impairment of operating assets and provisions for people and closure costs according to the business transition plan that was recognized as of Q4 2015 onwards. Other incomes increased from 7.2MB in Q4 2015 to 70.95MB in Q4 2016 from gains on a bargain purchase and income from private funds investment.

For the full year 2016, sales and services increased by 6% to 5,148.52MB from 4,868.14MB in year 2015. The average 2016 LME zinc price increased to 2,091USD/ton from 1,933USD/ton in 2015. Sales volumes increased by 9% from 2015. The exchange rate of THB against the USD depreciated to 35.47THB/USD from 34.40 THB/USD in 2015 leveraging the 2016 results.

The 2016 gross profit increased to 944.71MB from 785.03MB in 2015, driven by higher profitability from rising market price which compensated the higher cost from operating expenses due to accelerated depreciations.

Other incomes of 2016 sharply decreased from 622.19MB in 2015 to 192.42MB in 2016 because 2015 included the gain from the loan forgiveness to the company's subsidiary Puthep of 585.02MB. The other incomes of 2016 include gains from sales of investment in subsidiaries of 68.93MB, gain from a bargain purchase of 44.82MB, and 33.91MB income from private funds.

The company continues to progress in its make-over strategy into renewable Energy, Eco management and Material business. The first solar farm of 2.27MW in Japan has started commercial operations in October 3rd, 2016. The second Japan project, with 10.53MW installed capacity, progresses as planned. The acquisition of a 5.25MW solar farm in Mae Ramat successfully completed in December 2016.

The joint venture for Eco management signed with Dowa Eco-system Co. Ltd. proceeds with the permitting process for integrated industrial waste management in our Tak Smelter. The project received firm support from relevant authorities. September 16th, 2016, Dowa Eco-system Co., Ltd. became a 49% shareholder in PDI Tak Eco Co., Ltd., to jointly invest in an industrial waste management project for handling at least 50,000 tons yearly of industrial waste from Northern and Central Thailand.

The PDI Materials project, aiming industrial recycling material business in Rayong, obtained formal support from Department of Industrial Works (DIW) according to the MOU signed on April 19, 2016. The conceptual design and basic engineering is expected to be completed by mid of 2017. The commercial operations are expected to start early 2019.

Please be informed accordingly.

Yours truly,

- Signature -

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Company Secretary

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