

Ref. PDI/BK-BS-063/2017

7<sup>th</sup> November 2017

To: President  
The Stock Exchange of Thailand

Re: Clarification on Company's performance of the 3<sup>rd</sup> Quarter and 9- month Year to date 2017

Unit : Baht million	3 <sup>rd</sup> Quarter		9-month Year to date	
	2017	2016	2017	2016
Sales and services	1,439.36	1,230.68	4,327.48	3,740.45
Cost of sales and services	(1,162.99)	(892.84)	(3,358.10)	(3,111.44)
Gross Profit	276.37	337.83	969.38	629.01
Gain/(Loss) on exchange rate	(25.11)	20.66	(21.27)	30.44
Other Income	22.53	46.57	94.50	121.47
Profit/(Loss) before expenses	273.79	405.06	1,042.62	780.93
Selling and Administrative expenses	(147.48)	(154.26)	(390.20)	(372.85)
Share of Gain/(Loss) from equity method	(2.11)	(26.51)	8.17	(51.42)
Finance cost	(3.62)	(1.88)	(3.65)	(3.83)
Profit/(Loss) before tax	120.58	222.41	656.94	352.82
Corporate Income Tax	(7.05)	(0.96)	(20.05)	(0.60)
<b>Net Profit/(Loss) after tax-attributed to Company</b>	<b>113.53</b>	<b>221.45</b>	<b>636.89</b>	<b>352.22</b>
Earning per share (Baht/share)	0.50	0.98	2.82	1.56

For the third quarter of 2017, Padaeng Industry Public Company Limited announces a **consolidated net profit of 113.53MB**, compared to a net profit of 221.45MB for the same quarter previous year.

For the 9-month 2017 period, Padaeng Industry Public Company Limited announces a **consolidated net profit of 636.89MB**, a significant increase with 80% compared to the net profit of 352.22MB for the same period of previous year.

Sales and services of Q3 2017 reached 1,439.36MB, an increase of 17% from 1,230.68MB in Q3 2016. This mainly resulted from a 31% increase in USD zinc price despite a 4% appreciation of Thai Baht against USD. The USD zinc price increased to 2,962USD/ton in Q3 2017 from 2,253USD/ton in Q3 2016. Thai Baht appreciated against the US dollar by 4% from 35.01 THB/USD in Q3 2016 to 33.55 THB/USD in Q3 2017. As a result of the ceasing of the Zinc operations, total sales volumes in Q3 2017 dropped by 6% from Q3 2016. The sales volumes of imported metals, at lower margins than the PDI's own mine production, reached 54% of total sales in Q3 2017.

Costs of goods sold increased by 30% to 1,162.99MB in Q3 2017 from 892.84MB in Q3 2016 due to higher raw material costs from imported metals which reduced gross profit of Q3 2017 by 18% from Q3 2016. The selling and administrative expenses in Q3 2017 slightly decreased 4% from 154.26MB in Q3 2016 to 147.48MB.

For 9M 2017, sales and services increased by 16% from 3,740.45MB in 9M 2016 to 4,327.48MB in 9M 2017. The average LME zinc price during 9M 2017 sharply increased from 1,948USD/ton in 9M 2016 to 2,781USD/ton which compensated the decrease in sales volume and the stronger Thai Baht against USD. Total sales volumes of 9M 2017 decreased by 13% from 9M 2016, whilst the sales of zinc metal from PDI's own operations reached 65% of total 9M 2017 sales. The exchange rate of THB against the USD in 9M 2017 appreciated to 34.44THB/USD compared with 35.43THB/USD of 9M 2016.

The gross profit of 9M 2017 significantly increased from 629.01MB in 9M 2016 to 969.38MB despite increase in cost of goods sold due to higher raw material costs from imported metals.

Other incomes of 9M 2016 slightly decreased from 121.47MB of 9M 2016 to 94.50MB of 9M 2017, which included sales of investment in Mae Sod Clean Energy Co., Ltd. of 59.10MB while sales of investment in PDIL of 50.10MB was included in 9M 2016.

The company marked remarkable progress in its make-over strategy into renewable Energy by acquiring 30MW of solar farms in Thailand in September 2017. Currently, the company operates already 38.6MW of solar power plants of in total. The second solar power plant with installed capacity of 10.5MW in Japan is under construction and expected to COD in Q1 2018, which will boost the total capacity to 50MW.

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 also be considered.

Please be informed accordingly.

Yours truly,

- Signature -

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