

May15 ,2017

The President

The Stock Exchange of Thailand

Dear Sir/Madam,

Re: Management's Discussion and Analysis on 1Q/2017

### 1Q/2017 Highlight

- Sales volume growth 1% YoY while decrease in average selling price per ton caused sales revenue to drop to Baht 537.9 million
- Our core business in Vietnam still performed well at the same level of profit YoY, in line with our expectation. Our gross profit maintain YoY at Baht 153.2 million
- Strengthen of Baht currency against Vietnam Dong and US Dollar caused net Profit in Thai baht to be Baht 2.2million in 1Q/2017

### Overview

During the low season in Q1, PMTA achieved sales volume of 38,032 ton or slight increase of 1% YoY while the decrease in average selling price caused total revenue decreased 12% YoY. While our core business performed well with the same level of profit YoY, the appreciation of Thai Baht currency against US Dollar and Vietnam Dong caused the net profit to be at Baht 2.2 million.

Whole-sellers were concerned about fluctuated raw material prices during Q1/2017. Many whole-sellers were sitting on large stock of single fertilizer (such as DAP and Urea, which normally used at start of the season) with their capital locked up. Therefore, they preferred to wait to purchase NPK stocks until the rain starts. In addition, our new cash rebate campaign launched in Q1/2017 has added the delay in purchases, as the customers now prefer to buy on cash or short credit term. As a result, trade receivable sharply reduced from Baht 396 million in Q4/2016 to Baht 118 million in Q1/2017.

In Q1/2017, sales revenue was Baht 537.9 million decreased 12% YoY from Baht 608.1 million in Q1/2016 due mainly to the lower average selling price per ton. The lower performance in the first quarter comparing QoQ is a common cycle of the fertilizer business. Decrease in raw material cost resulted in gross margin improving from 25% to 28% YoY and gross profit to maintain at Baht 153.2 million. EBITDA was Baht 38.0 million decreased 26% YoY due mainly to the increase in fuel cost and export transportation cost due to the increase export volume to far destination. Strengthen of Baht currency against US dollar and Vietnam dong caused Baht 14 million of unrealized loss from foreign exchange in Q1/2017. As a result, net profit decreased to Baht 2.2 million in Q1/2017.

**Table 1: Performance Summary**

<i>in Million Baht</i>	1Q/16	4Q/16	1Q/17	% YoY	% QoQ
<b>Sales Revenue</b>	608.1	954.0	537.9	-12%	-44%
<b>Gross Profit</b>	153.1	300.0	153.2	0%	-49%
Gross Margin (%)	25%	31%	28%		
<b>EBITDA</b>	51.1	150.2	38.0	-26%	-75%
EBITDA Margin (%)	8%	16%	7%		
<b>Net Profit</b>	26.4	110.9	2.2	-92%	-98%
Net Profit Margin (%)	4%	12%	0.4%		
<b>Basic earnings per share (in Baht)</b>	0.26	1.10	0.02	-92%	-98%

## Fertilizer and Factory Area Leasing Business

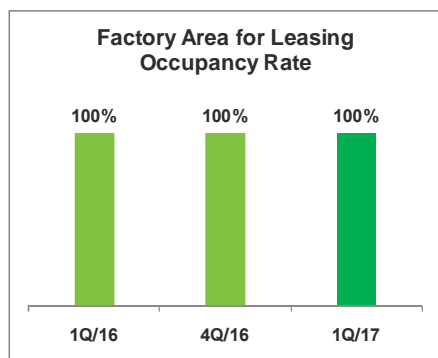
Sales volume in Q1/2017 slightly increased 1% YoY from 37,827 ton to 38,032 ton. Export sales volume grew 7% YoY from 15,100 ton in Q1/2016 to 16,181 ton in Q1/2017, while domestic sales dropped slightly by 4% YoY from 22,727 ton in Q1/2016 to 21,850 ton in Q1/2017. The higher export volumes in Q1/2017 were mainly due to export to Thailand and Indonesia. The lower domestic volumes in Q1/2017 were a result of the fluctuation in fertilizer prices and our new cash purchase rebate campaign causing the delay in purchase NPK products.

**Table 2: Sales Volume**

Unit: Tons	1Q/16	4Q/16	1Q/17	% YoY	% QoQ
Fertilizer NPK	36,347	60,649	36,611	1%	-40%
Single fertilizer	1,084	1,449	992	-8%	-32%
Pesticide	396	717	429	8%	-40%
<b>Total</b>	<b>37,827</b>	<b>62,815</b>	<b>38,032</b>	<b>1%</b>	<b>-39%</b>

**Table 3: Sales Volume Breakdown**

Unit: Tons	1Q/16	4Q/16	1Q/17	% YoY	% QoQ
Domestic	22,727	36,479	21,850	-4%	-40%
Export	15,100	26,335	16,181	7%	-39%
<b>Total</b>	<b>37,827</b>	<b>62,815</b>	<b>38,032</b>	<b>1%</b>	<b>-39%</b>



The utilization rate of the Company's factory area for leasing in Q1/2017 remained at 100%. The service income from factory area leasing business increased from Baht 10.5 million in Q1/2016 to Baht 13.2 million or 25.7% increase YoY mainly from the increase in leasing area from 42,300 sq.m. in Q1/2016 to 50,500 sq.m. in Q1/2017. The Company is building Baconco5-B and 5-C (capacity of 20,000 sq.m) to support growing demand.

## Consolidated Performance

**Table 4: Income Statement**

in Million Baht	1Q/16	4Q/16	1Q/17	% YoY	% QoQ
<b>Sales Revenue</b>	608.1	954.0	537.9	-12%	-44%
Raw Material Costs	(455.0)	(654.0)	(384.8)	-15%	-41%
<b>Gross Profit</b>	153.1	300.0	153.2	0%	-49%
Service & Other Income	10.9	16.6	14.8	36%	-11%
Operating Cost	(49.6)	(73.6)	(57.4)	16%	-22%
Cost of providing services	(4.2)	(6.2)	(6.3)	51%	3%
SG&A	(59.1)	(86.6)	(66.1)	12%	-24%
<b>EBITDA</b>	51.1	150.2	38.0	-26%	-75%
Depreciation & Amortization	(16.4)	(16.5)	(15.9)	-3%	-4%
<b>EBIT</b>	34.7	133.7	22.1	-36%	-83%
Financial Cost	(1.8)	(0.3)	-	100%	100%
Gain/(Loss) from Foreign Exchange	(1.1)	7.3	(13.6)	1100%	-286%
Profit before income tax	31.8	140.8	8.5	-73%	-94%
Income Tax Expense	(5.4)	(29.9)	(6.2)	15%	-79%
<b>Net Profit</b>	26.4	110.9	2.2	-92%	-98%

In Q1/2017, net profit decreased YoY to Baht 2.2 million mainly due to Baht 14 million of unrealized loss from exchange rate and the decrease in EBITDA. While total sales volume slightly increased, sales revenue decreased 12% YoY from Baht 608.1 million to Baht 537.9 million because of lower average selling price per ton. Cost of raw material declined 15% YoY from Baht 455.0 million to Baht 384.8 million resulting in improving gross margin from 25% in Q1/2016 to 28% in Q1/2017. Therefore, gross profit maintains at Baht 153.2 million in Q1/2017.

Service and other incomes increased 36% YoY from Baht 10.9 million to Baht 14.8 million which was contributed mainly from Baht 13.2 million of factory area for leasing.

Operating cost increased 16% YoY from Baht 49.6 million to Baht 57.4 million in Q1/2017 due mainly to the increase in fuel and electricity cost and labor cost. SG&A also increased 12% from Baht 59.1 million to Baht 66.1 million due mainly to the higher transportation cost from increasing export volume to far destination. As a result, EBITDA was at Baht 38.0 million in Q1/2017 or decreasing 26% YoY. Depreciation and amortization decreased 3% YoY to Baht 15.9 million in Q1/2017. In addition, PMTA recorded Baht 14 million of unrealized loss from foreign exchange.

Consequently, PMTA reported the consolidated financial statements for Q1/2017 with net profit of Baht 2.2 million, decreasing from Baht 26.4 million in Q1/2016

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

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Mr. Chalermchai Mahagitsiri  
Chairman of the Board of Directors

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Mr. Sigmund Stromme  
Managing Director