

August 15, 2017

The President

The Stock Exchange of Thailand

Dear Sir/Madam,

Re: Management's Discussion and Analysis on 2Q/2017

### 2Q/2017 Highlight

- Net profit of our fertilizer business in Vietnam in 1H/2017 increased 15% in U.S.Dollar from last year
- Net profit grew 18% YoY to Baht 74.0 million from Baht 62.6 million in 2Q/16.
- Fertilizer sales was about the same level as last year at 54,240 tons while gross margin improved YoY. from 25% in 2Q/16 to 28% in 2Q/17.
- Thai Baht remained strong against Vietnam Dong and US Dollar. Performance in Thai Baht after currency translation was less comparing to last year.

### Overview

Starting the first rice plantation season of the year, our fertilizer business was picking up from low season in Q1 with total sales volume at 54,698 tons, which was about the same level as the same period last year but 44% increase QoQ. The raw material price as well as our selling price remained flat during first half 2017 after gradually decreased in 2016.

During this first half of 2017, our focus is to grow local market. Several market programs and promotion campaigns were revised and launched to ensure commitment and support from our existing wholesalers and to attract new customers especially new smaller wholesales. We have also made active promotion campaigns directly targeting the retailers, including quarterly lucky draws, factory visit, farmer meeting and arranging various conferences and promotion events. The result was positive with domestic volume increased by 19% YoY in 2Q/17.

In 2Q/17, sales revenue was Baht 791.8 million decreased 4% YoY from Baht 822.5 million in 1Q/16 due mainly to the lower average selling price per ton. While raw material cost decreased, our gross margin improved YoY from 25% to 28% as a result, gross profit increased 6% YoY to Baht 219.1 million in 2Q/17. EBITDA grew 12% YoY from Baht 89.5 million to Baht 100.4 million. PMTA reported Baht 74.0 million of net profit in 2Q/17 or 18% increase YoY. For 6M/17, net profit of our fertilizer business in Vietnam increased 15% in U.S.Dollar but due mainly to the realized and unrealized loss from foreign exchange in 1Q/17 and currency translation from strengthen of Baht currency during the first 6 months of FY2017, net profit was Baht 76.2 million or 14% less YoY.

**Table 1: Performance Summary**

<i>in Million Baht</i>	2Q/16	1Q/17	2Q/17	% YoY	% QoQ	6M/16	6M/17	% YoY
<b>Sales Revenue</b>	822.5	537.9	791.8	-4%	47%	1,430.6	1,329.7	-7%
<b>Gross Profit</b>	207.3	153.2	219.1	6%	43%	360.4	372.3	3%
Gross Margin (%)	25%	28%	28%			25%	28%	
<b>EBITDA</b>	89.5	38.0	100.4	12%	164%	140.6	138.4	-2%
EBITDA Margin (%)	11%	7%	13%			10%	10%	
<b>Net Profit</b>	62.6	2.2	74.0	18%	3193%	89.0	76.2	-14%
Net Profit Margin (%)	8%	0.4%	9.3%			6%	5.7%	
<b>Basic earnings per share (in Baht)</b>	0.62	0.02	0.73	18%	3193%	0.88	0.75	-14%

## Fertilizer and Factory Area Leasing Business

Sales volume in 2Q/17 slightly decreased 1% YoY from 55,107 tons to 54,698 tons. The proportion of domestic volume increased from 57% in 2Q/16 to 68% in 2Q/17 and from 58% in 6M/16 to 64% in 6M/17. In this year, our management has strongly emphasized on developing the local (Vietnam) market. As a result, our domestic volume grew 19% YoY from 31,165 tons to 37,111 tons in 2Q/17 from the increase in sales of NPK granular, single fertilizers as well as our popular bulk blending NPK products. For 6M/17, our sales volume was 92,730 tons comprising 58,962 tons of domestic sales or 9% growth YoY or an increase of 5,000 tons, and export reduced by about the same quantity to 33,768 tons or 14% decrease YoY. Although lower in volume, our sales revenue from pesticide was maintained at about Baht 67.6 million. Some of pesticide products (including Glyphosate) have been restricted for the sales in this year in Vietnam but we have compensated by selling more foliar products.

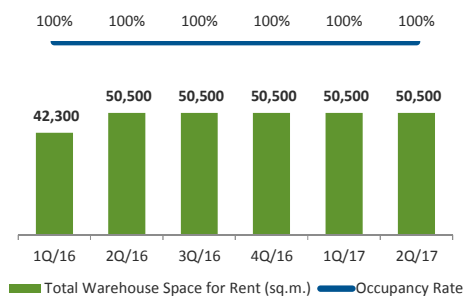
**Table 2: Sales Volume**

Unit: Tons	2Q/16	1Q/17	2Q/17	% YoY	% QoQ	6M/16	6M/17	% YoY
Fertilizer NPK	53,470	36,611	50,634	-5%	38%	89,817	87,246	-3%
Single fertilizer	1,004	992	3,606	259%	263%	2,088	4,598	120%
Pesticide	633	429	458	-28%	7%	1,029	887	-14%
<b>Total</b>	<b>55,107</b>	<b>38,032</b>	<b>54,698</b>	<b>-1%</b>	<b>44%</b>	<b>92,934</b>	<b>92,730</b>	<b>0%</b>

**Table 3: Sales Volume Breakdown**

Unit: Tons	2Q/16	1Q/17	2Q/17	% YoY	% QoQ	6M/16	6M/17	% YoY
Domestic	31,165	21,850	37,111	19%	70%	53,892	58,962	9%
Export	23,942	16,181	17,587	-27%	9%	39,042	33,768	-14%
<b>Total</b>	<b>55,107</b>	<b>38,032</b>	<b>54,698</b>	<b>-1%</b>	<b>44%</b>	<b>92,934</b>	<b>92,730</b>	<b>0%</b>

### Factory Area for Leasing & Occupancy Rate



Our factory area for rent has been fully utilized with total rental space of 50,500 sqm. The service income from factory area leasing business was Baht 12.3 million in 2Q/17 and Baht 25.5 million in 6M/17 or the same as last year. The Company is building Baconco5-B and 5-C (capacity of 20,000 sq.m) and expected to complete in 4<sup>th</sup> quarter of this year.

## Consolidated Performance

**Table 4: Income Statement**

in Million Baht	2Q/16	1Q/17	2Q/17	% YoY	% QoQ	6M/16	6M/17	% YoY
<b>Sales Revenue</b>	822.5	537.9	791.8	-4%	47%	1,430.6	1,329.7	-7%
Raw Material Costs	(615.2)	(384.8)	(572.6)	-7%	49%	(1,070.2)	(957.4)	-11%
<b>Gross Profit*</b>	<b>207.3</b>	<b>153.2</b>	<b>219.1</b>	<b>6%</b>	<b>43%</b>	<b>360.4</b>	<b>372.3</b>	<b>3%</b>
Service & Other Income	15.3	14.8	13.1	-14%	-11%	26.2	27.9	6%
Operating Cost	(61.4)	(57.4)	(60.1)	-2%	5%	(111.0)	(117.6)	6%
Cost of providing services	(5.0)	(6.3)	(6.4)	30%	1%	(9.2)	(12.8)	40%
SG&A	(66.8)	(66.1)	(65.3)	-2%	-1%	(125.9)	(131.4)	4%
<b>EBITDA</b>	<b>89.5</b>	<b>38.0</b>	<b>100.4</b>	<b>12%</b>	<b>164%</b>	<b>140.6</b>	<b>138.4</b>	<b>-2%</b>
Depreciation & Amortization	(16.2)	(15.9)	(15.6)	-3%	-2%	(32.6)	(31.6)	-3%
<b>EBIT</b>	<b>73.3</b>	<b>22.1</b>	<b>84.7</b>	<b>16%</b>	<b>284%</b>	<b>108.0</b>	<b>106.8</b>	<b>-1%</b>
Financial Cost	(2.2)	-	(0.4)	-83%	n.a.	(3.9)	(0.4)	-91%
Gain/(Loss) from Foreign Exchange	(1.7)	(13.6)	3.6	321%	127%	(2.8)	(10.0)	-259%
Profit before income tax	69.4	8.5	88.0	27%	941%	101.3	96.5	-5%
Income Tax Expense	(6.8)	(6.2)	(14.1)	106%	126%	(12.2)	(20.3)	66%
<b>Net Profit</b>	<b>62.6</b>	<b>2.2</b>	<b>74.0</b>	<b>18%</b>	<b>3193%</b>	<b>89.0</b>	<b>76.2</b>	<b>-14%</b>

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

In 2Q/17, our sales volume marginally decreased and sales revenue also decreased 4% YoY from Baht 822.5 million to Baht 791.8 million due to the lower raw material prices and thus lower average selling price per ton. The increase in domestic sales, where margins are higher, further supported by a 7% decrease in raw material cost, resulted in improving gross margin from 25% to 28% in this period. As a result, gross profit improved to Baht 219.1 million in 2Q/17. While company expenses (including operating cost and SG&A) decreased slightly, EBITDA increased from Baht 89.5 million in 2Q/16 to Baht 100.4 million in 2Q/17 or 12% increase YoY. Depreciation and amortization decreased 3% YoY to Baht 15.6 million in 2Q/17. In addition, PMTA recorded realized gain on exchange rate of Baht 3.6 million in 2Q/17 from reversal on unrealized loss from foreign exchange in 1Q/17.

Consequently, PMTA reported the consolidated financial statements for 2Q/17 with net profit of Baht 74.0 million, increasing from Baht 62.6 million in 2Q/16

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