AMATA
CORPORATION

Ref. AC 18/0020

May 15, 2018

President
The Stock Exchange of Thailand
93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400

Dear Sir,

Re: Management Discussion and Analysis of the Operating Performance for 1st Quarter 2018

Amata Corporation Public Company Limited ("AMATA" or "The Company") would like to report the operating performance results of the company for 1st Quarter 2018 as follows:

Operating Performance Summary for 1st Quarter 2018, ended 31 March 2018

1st Quarter 2018 versus 1st Quarter 2017

- Total revenues reported at Baht 1,190.8 million, up 50% year on year
- Share of profit from investments in associates at Baht 234.3 million, increased by 20.9%
- Net profit posted at Baht 413.4 million, improved 65%

	1-Quarter 2018	1-Quarter 2017	Increase/(Decrease) Million Baht	%
Total revenues	1,190.8	793.6	397.1	50.0
Total expenses	774.3	631.6	142.7	22.6
Share profit from investments in associates	234.3	193.8	40.5	20.9
Profit for the period	413.4	250.6	162.8	65.0
Basic earnings per share (THB/share)	0.387	0.235		

- **Operating Performance Analysis of Core Businesses**

	1-Quarter 2018	1-Quarter 2017	Increase/(Decrease) Million Baht	%
Revenue from real estate sales	525.2	193.4	331.8	171.6
Gross profit margin	72%	72%		
Revenue from utility services	435.6	432.8	2.8	0.6
Gross profit margin	34%	33%		
Revenue from rental	166.1	148.9	17.2	11.5
Gross profit margin	71%	67%		

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1. **Industrial Estate Development Business**

For the 1st Quarter 2018, AMATA reported a revenue from real estate sales at Baht 525.2 million, up Baht 331.8 million or 171.6% from the comparison period, bolstered by higher parcels of land transferred. The strong performance in 1st Quarter 2018 was due to revenue recognized for the sale of a 107-rai land (Thailand 37 rai, Vietnam 70 rai), compared to that of a 35-rai land (Thailand 26 rai, Vietnam 9 rai) in 1st Quarter of the prior year.

Not only a higher average selling price of the area sold during the year 2017 through 2018 and brilliant development cost management, most of the parcels of land sold during 1st Quarter 2017 and 2018 are in Amata City Chonburi and Amata City Bien Hoa, where gross profit margins are relatively higher than the other projects. AMATA's gross profit margin from land sales stood at 72% in 1st Quarter 2017 and 2018.

2. **Utility Services Business**

AMATA achieved utility services revenue of Baht 435.6 million for the first three months of 2018, increased Baht 2.8 million or 0.6% year on year. Such revenue comprises of the following items;

- Revenue from water products supplied to AMATA's industrial users
- Revenue from rendering of services

AMATA saw a growth in services revenue for the 1st Quarter 2018 from services rendered to manufacturers in Thailand; the services spanned from maintenance works and trainings to new services introduced to the customers with the aim of strengthening recurring income.

Despite the flat growth in water income during 1st Quarter 2018 compared to the same period in 2017, AMATA was able to achieve higher gross margin from utility services business through solid revenue stream and cost savings, which finally helped drive up the gross profit margin from 33% in 1st Quarter 2017 to 34% in such period of 2018.

3. **Rental Business**

Rental business contributed Baht 166.1 million of revenue to the Company in 1st Quarter 2018, and it was Baht 17.2 million or 11.5% increase year on year. The growth in revenue was mainly driven by more leasable area of ready-built factories (RBF) in Thailand and Vietnam sites compared to the same period of previous year, plus almost 100% average occupancy rate during the period.

Due to mostly-occupied leasable assets and improving operating cost reduction, gross margin from rental business improved from 67% in 1st Quarter 2017 to 71% in 2018.

- **Other Income**

	1-Quarter 2018	1-Quarter 2017	Increase/(Decrease) Million Baht	%
Interest income	7.0	3.7	3.3	87.6
Gains on sales of investment properties	29.9	-	29.9	n/a
Other income	27.0	14.8	12.2	82.7

The Company reported other income totaling to Baht 63.9 million for the 1st Quarter 2018. The revenue increased by Baht 45.4 million or 245.3% from the same period for the year earlier. In 1st Quarter 2018, AMATA recorded gains on sales of investment properties amounting to Baht 29.9 million since there was sales of RBF during the period, while there was an absence of such revenue during the same period of 2017.
Besides, the proceeds from debenture issuance, net of loan repayment, was invested as current investments-deposits a bank, resulting in interest income hike 87.6% year on year. It went from Baht 3.7 million for 1st Quarter 2017 to Baht 7.7 million for 1st Quarter 2018.

- **Expense**

	1-Quarter 2018	1-Quarter 2017	Increase/(Decrease) Million Baht	%
Selling expenses	51.8	43.1	8.8	20.3
Administrative expenses	154.7	154.3	0.3	0.2
Losses on exchange	81.4	40.3	41.1	101.9
Finance cost	54.0	55.3	(1.3)	(2.3)
Income tax	90.8	37.3	53.5	143.5

- Selling expenses of the 1st Quarter 2018 was recorded at Baht 51.8 million, which is baht 8.8 million or 20.3% higher than the same period of 2017. The expenses were derived from number of land parcels transferred to the customers, and such expenses incurred from transfer fee and other related expenses in land transfer process.
- Losses on exchange for the first three months of 2018 was Baht 81.4 million, increasing Baht 41.1 million or 101.9% from that of 2017. As the devaluation of VND against THB has continued adversely, one of AMATA's subsidiaries that has outstanding loans with some exposure to THB currency had to record higher losses on exchange rate.

- **Share of Profit from Investments in Associates**

  For the 1st Quarter 2018, AMATA witnessed a pleasant performance in share of profit from investments in associates with total amount of Baht 234.3 million, improved Baht 40.5 million or 20.9% year on year. An 18% increase on a year-on-year basis in shared profit from electricity and steam business (78% of the total share of profit) was from growing electricity demand among manufacturers, bolstered by a start of commercial operation of Amata B. Grimm Power (Rayong) 3 Ltd. on 1st February 2018.

  Apart from the reason above, profit shared from natural gas distribution business was also surged favorably, increasing 24% year on year. The share of profit from gas distribution part accounted for about 17% of the total share of profit and has benefited greatly from a rising demand from users and higher average selling price.

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- **Net Profit**
  The net profit for the 1st Quarter 2018 reached Baht 413.4 million, increased by Baht 162.8 million or 17.6%. The increase of the net profit was mainly driven by growth in land sales revenue, recurring income, and other incomes. Also, robust share of profit from investments in associates and improving gross profits were one of the key drivers that enhanced the Company's performance.

For your information.

Yours sincerely,

AMATA CORPORATION PUBLIC COMPANY LIMITED

Mr. Chackchai Panichapat
DIRECTOR