



Ref. AC 17/013

February 17, 2017

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 the Year 2016

Amata Corporation Public Company Limited ("AMATA") would like to report the operating performance results of the company for the year 2016.

Revenue and operational performance

Total revenue performance for the year 2016 was 4,732.69 million baht compared with 6,237.71 million baht for the same period of 2015, representing an overall decrease 1,505.02 million baht or 24% decrease where it was mainly coming from:

1. The industrial estate land sales revenue has reached 2,186.90 million baht compared to previous year of 3,068.98 million baht - the revenue has decreased by 882.08 million baht or equivalent to 29% decrease. This is due to the decrease in land transfer compared to last year.
2. The utility services revenue has reached 1,706.52 million baht compared with 1,431.14 million baht for the same period of 2015, an increase of 275.38 million baht or 19% growth. The increase was mainly due to the increase in selling price of utilities charged to all industrial users.
3. The rental revenue has reached 533.10 million baht compared with 615.30 million baht for the same period of 2015, a decrease of 82.20 million baht or 13% decrease. The decrease mainly came from the sales of partial rental properties to Amata Summit Growth Freehold and Leasehold Real Estate Investment Trust ("AMATAR") during the second quarter of 2015.
4. The other income totaled 306.17 million baht compared to previous year of 1,122.30 million baht, a decrease of 816.13 million baht or 72.7% decrease. The decrease was because the Company has recognized gains on sales of properties of Amata Summit Ready Built Company Limited, a subsidiary company, to Amata Summit Growth Freehold and Leasehold Real Estate Investment Trust amounting to 856.79 million baht during the second quarter of 2015.

Gross Profit

In 2016, the Company reported the gross profit separated by each core business as follows:

1. Gross profit from real estate sales decreased from 1,558.45 million baht to 1,482.52 million baht, a decrease of 75.93 million baht or 5% decrease. The gross profit margin increased from 51% in 2015 to 68% in 2016.
2. Gross profit from revenue from utility services increased from 289.49 million baht to 519.36 million baht, an increase of 229.87 million baht or 79% increase. The gross profit margin increased from 20% in 2015 to 30% in 2016 due to the increase in the selling price per unit of utilities charged to customers.

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3. Gross profit from revenue from rental decreased from 443.11 million baht to 354.90 million baht, a decrease of 88.21 million baht or 20% decrease. The gross profit margin decreased from 72% in 2015 to 67% in 2016 due to the effect after the sale of rental properties to the AMATAR.

Net Profit

The result of the consolidated financial statement for the year ended 31 December 2016 has reached a net profit of 1,198.27 million baht and when comparing with the operating performance of the same period of Y2015 with a net profit of 1,216.02 million baht. The overall net profit has closed to Y2015 slightly decreased by 17.75 million baht or equivalent to 1.5% decrease. The decrease of the net profit was due to lower revenue from industrial estate land sales and rental revenue, but offset by increase of the utility service revenue with the continuing growth.

During the year, its subsidiary has recorded two major one-time items, which are "Loss from adjusting present value of land rental payable" of THB 239.96 million and "other income" from the recently approved raw land rental exemption from the government at the amount of THB 36.16 million. Therefore, the decrease of the net profit was partly due to the former mentioned non-recurring extraordinary items. If excluding the non-recurring items, the normalized consolidated net profit for the year ended 31 December 2016 would be THB 1,352.83 million and when comparing to the net profit for the same period of 2015 net profit increased by THB 136.81 million or 11% increase.

Loss from adjusting present value of land rental payable

Land rental payable represents the future land rental to be paid to the government for the land sold and land rental fee was fully collected from customers. As the land rental portion will be paid to the government throughout the remaining lease period, the long term payable amount was recognized at the present value at the end of the reporting period.

However, during the current year, the Vietnam government had promulgated a new law relating to the land rental payment requiring the subsidiary to settle the total land rental collected from customers immediately when the government issues the letter with detail on the total amount. As a result, the present value of the land rental payable increase by THB 240 million, which is recorded as the losses from adjusting present value of land rental payable in the current period. This item is considered a non-recurring recognized as the expense for the current period.

For your information.

Yours sincerely,

AMATA CORPORATION PUBLIC COMPANY LIMITED

Mr. Chackchai Panichapat
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