



Management Discussion and Analysis

For the nine-month period ended 30 September 2018 (unaudited)

1. Analysis of Operation Results According to Consolidated Financial Statement

	January - September					
	2018		2017		Change	
	Amount (MB)	% to Revenue	Amount (MB)	% to Revenue	Amount (MB)	% Change
REVENUES	4,275.0	100%	3,728.7	100%	546.3	15%
COST OF SALES	(1,590.3)	-37%	(1,103.6)	-30%	486.7	44%
GROSS PROFIT	2,684.7	63%	2,625.1	70%	59.6	2%
OTHER INCOME	105.0	2%	82.2	2%	22.8	28%
SELLING EXPENSES	(55.1)	-1%	(28.4)	-1%	26.7	94%
ADMINISTRATIVE EXPENSES	(187.8)	-4%	(156.7)	-4%	31.1	20%
SHARE OF GAIN (LOSS) OF JOINT VENTURE	(0.1)	0%	-	0%	(0.1)	
EBIT	2,546.7	60%	2,522.2	68%	24.5	1%
FINANCE COSTS	(384.7)	-9%	(468.5)	-13%	(83.8)	-18%
EBT	2,162.0	51%	2,053.7	55%	108.3	5%
INCOME TAX INCOME (EXPENSE)	(49.2)	-1%	(28.2)	-1%	21.0	74%
NET PROFIT (LOSS)	2,112.8	49%	2,025.5	54%	87.3	4%
OTHER COMPREHENSIVE INCOME	(16.8)	0%	(13.2)	0%	3.6	27%
COMPREHENSIVE INCOME	2,096.0	49%	2,012.3	54%	83.7	4%

Net Profit (Loss) attributable to :

Owners of the parent	1,892.0	1,801.4
Non-controlling interests	220.8	224.1
	2,112.8	2,025.5

Comprehensive Income attributable to :

Owners of the parent	1,875.2	1,788.2
Non-controlling interests	220.8	224.1
	2,096.0	2,012.3

EARNINGS PER SHARE

NO. OF SHARES (Million shares)	965.70	924.00
EPS (Baht per share)	1.96	1.95

The operating results according to the consolidated financial statements of the Company and its subsidiaries for the nine-month period ended 30 September 2018 (9M 2018) presented the net profit of Baht 2,112.8 million or Baht 1.96 per share which increasing by Baht 87.3 million or 4%, compared to the net profit of Baht 2,025.5 million or Baht 1.95 per share of 9M 2017. The significant reasons were as follows:



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1.1 Revenue from Sales and Services

Revenue from sales and services of 9M 2018 was Baht 4,275.0 million which increasing by Baht 546.3 million or 15% from Baht 3,728.7 million in 9M 2017. The main reasons were as follows:

- Solar Power Roof Company Limited (SPR), operates the business of solar roof installation for residential, commercial and industrial customers, its revenue from sales and services of 9M 2018 was Baht 1,009.0 million which increasing by Baht 643.1 million or 176% from Baht 365.9 million in 9M 2017.
- Revenue from electricity sales of 36 solar farms for 9M 2018 was Baht 3,144.9 million which decreasing by Baht 57.2 million or 2% from Baht 3,202.1 million in 9M 2017 because (1) the power output of 9M 2018 was 280.8 million units which decreasing by 8.1 million units or 3% from 288.9 million units in 9M 2017 and (2) average selling price during 9M 2018 was Baht 11.2 per unit which increasing by Baht 0.1 per unit from Baht 11.1 per unit in 9M 2017.
- Steel Roof Company Limited (SRC), operates the business of metal sheet roofing distribution and installation, its revenue from sales and services for 9M 2018 was Baht 116.6 million which decreasing by Baht 40.1 million or 26% from Baht 156.7 million in 9M 2017.

1.2 Cost of Sales and Services and Gross Profit

Cost of sales and services of 9M 2018 and 2017 were Baht 1,590.3 million and Baht 1,103.6 million respectively. Gross profit margin of 9M 2018 and 2017 were 63% and 70% respectively. The increase in cost of sales and services was in line with the revenue of solar roof business (SPR). However, due to its gross profit margin was lower than solar farm business, resulting in the consolidated gross profit decline.

1.3 Selling Expenses

Selling expenses of 9M 2018 was Baht 55.1 million which increasing by Baht 26.7 million or 94% from Baht 28.4 million in 9M 2017 resulting from the commission expenses increased in line with the increasing in solar roof business revenue.



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1.4 Administrative Expenses

Administrative expenses of 9M 2018 was Baht 187.8 million which increasing by Baht 31.1 million or 20% from Baht 156.7 million in 9M 2017 resulting from the increasing of employee expenses and warehouse rental expenses which in line with the increasing in solar roof business revenue.

1.5 Finance Costs

Finance costs for 9M 2018 was Baht 384.7 million which decreasing by Baht 83.8 million or 18% from Baht 468.5 million in 9M 2017. The main reason was the Company paid on debentures in the amount of Baht 2,715.0 million and Baht 575.0 million in the year 2017 and 2018 respectively.

2. Analysis of financial position according to consolidated financial statement

2.1 Analysis of Assets

As at 30 September 2018, the total assets were Baht 24,643.7 million, increasing by Baht 1,617.1 million or 7% from Baht 23,026.6 million as at 31 December 2017. The details were as follows:

	30-Sep-18	31-Dec-17	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million)	% Change
Property, plant and equipment, net	16,660.9	17,149.9	(489.0)	-3%
Other assets	7,982.8	5,876.7	2,106.1	36%
Total assets	24,643.7	23,026.6	1,617.1	7%

- As at 30 September 2018, property, plant and equipment were Baht 16,660.9 million, decreasing by Baht 489.0 million or 3% from Baht 17,149.9 million as at 31 December 2017. The main reasons were its depreciation was Baht 486.4 million and the purchase and sales of equipment in the amount of Baht 10.7 million and Baht 22.3 million respectively.
- As at 30 September 2018, other assets were Baht 7,982.8 million, increasing by Baht 2,106.1 million or 36% from Baht 5,876.7 million as at 31 December 2017. The main reasons were the acquisition of available-for-sale securities and current investments in the amount of Baht 1,169.8 million and Baht 1,038.1 million respectively and the increasing of inventories in the amount of Baht 412.3 million because of solar roof business growth.



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2.2 Analysis of Liabilities and Shareholders' Equity

As at 30 September 2018, the total liabilities and shareholders' equity were Baht 24,643.7 million, increasing by Baht 1,617.1 million or 7% from Baht 23,026.6 million as at 31 December 2017. The details were as follows:

	30-Sep-18	31-Dec-17	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million)	% Change
Interest bearing debt	10,685.1	10,615.8	69.3	1%
Other liabilities	849.7	1,202.6	(352.9)	-29%
Shareholders' equity	13,108.9	11,208.2	1,900.7	17%
Total liabilities and shareholders' equity	24,643.7	23,026.6	1,617.1	7%

- As at 30 September 2018, interest bearing debt was Baht 10,685.1 million, increasing by Baht 69.3 million or 1% from Baht 10,615.8 million as at 31 December 2017. The main reasons were as follows:
 - The issuance of the debentures in the amount of Baht 500.0 million
 - The increasing of short-term loans from financial institutions in the amount of Baht 138.6 million
 - The payment of debenture in the amount of Baht 575.0 million
- As at 30 September 2018, other liabilities was Baht 849.7 million, decreasing by Baht 352.9 million or 29% from Baht 1,202.6 million as at 31 December 2017. The main reason was the decreasing of accounts payable.
- As at 30 September 2018, shareholders' equity was Baht 13,108.9 million, increasing by Baht 1,900.7 million or 17% from Baht 11,208.2 million as at 31 December 2017. The main reasons were as follows:
 - The net profit of 9M 2018 in the amount of Baht 2,112.8 million
 - The issuance of ordinary shares during 1Q 2018 in the amount of Baht 1,085.0 million
 - The payment of dividend in the amount of Baht 1,280.3 million



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2.3 The Appropriateness of Financial Structure

According to statement of financial position as at 30 September 2018, debt to equity ratio equal to 0.88 which decreased from 1.05 as at 31 December 2017 mainly due to the issuance of ordinary shares during 1Q 2018 in the amount of Baht 1,085.0 million.

3. Analysis of Cash Flow According to Consolidated Financial Statement

	January - September		
	2018	2017	Change
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million)
Net cash generated from (used in) operating	2,410.2	1,963.1	447.1
Net cash generated from (used in) investing	(2,183.4)	(429.6)	(1,753.8)
Net cash generated from (used in) financing	(436.6)	(1,891.3)	1,454.7
Net increase (decrease) in cash and cash	(209.8)	(357.8)	148.0
Cash and cash equivalents at the beginning of the	345.9	455.0	(109.1)
Cash and cash equivalents at the end of the period	136.1	97.2	38.9

As at 30 September 2018, cash and cash equivalents were Baht 136.1 million, decreasing by Baht 209.8 million from Baht 345.9 million as at 31 December 2017. The reasons were as follows:

- 1) Net cash generated from operating activities in the amount of Baht 2,410.2 million, resulting in
 - Net cash generated from operating profit in the amount of Baht 2,490.0 million
 - Taxes paid in the amount of Baht 79.8 million
- 2) Net cash used in investing activities in the amount of Baht 2,183.4 million, resulting in
 - Proceed from sale of available-for-sale securities in the amount of Baht 7,345.0 million
 - Acquisition of available-for-sale securities in the amount of Baht 9,644.7 million
 - Proceed from short term deposits at financial institutions in the amount of Baht 81.0 million
 - Proceed from sale of plant, equipment and intangible assets in the amount of Baht 22.3 million
 - Acquisition of plant, equipment and intangible assets in the amount of Baht 13.4 million
 - Interest received in the amount of Baht 24.4 million



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- 3) Net cash generated from financing activities in the amount of Baht 436.6 million.
- Proceed from issue of ordinary shares in the amount of Baht 1,085.0 million
 - Proceed from issue of debenture in the amount of Baht 499.4 million
 - Proceed from short-term loans from financial institutions in the amount of Baht 138.6 million
 - Dividend paid in the amount of Baht 1,280.3 million
 - Payment of debenture in the amount of Baht 575.0 million
 - Interest paid in the amount of Baht 303.0 million

Please be informed accordingly.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Dr. Wandee Khunchornyakong Juljareern'.

(Dr. Wandee Khunchornyakong Juljareern)

Chief Executive Officer