



Management Discussion and Analysis

For the Three-month Period ended 31 March 2018 (Unaudited)

1. Analysis of Operation Results According to Consolidated Financial Statement

| | Jan - Mar | | | | | |
|---------------------------------------|----------------|-----------------|----------------|-----------------|----------------|-----------|
| | 2018 | | 2017 | | Change | |
| | Amount (MB) | % to Revenue | Amount (MB) | % to Revenue | Amount (MB) | % Change |
| REVENUES | 1,516.6 | 100% | 1,267.7 | 100% | 248.9 | 20% |
| COST OF SALES | (558.2) | -37% | (324.1) | -26% | 234.1 | 72% |
| GROSS PROFIT | 958.4 | 63% | 943.6 | 74% | 14.8 | 2% |
| OTHER INCOME | 55.5 | 4% | 34.0 | 3% | 21.5 | 63% |
| SG&A EXPENSES | (82.7) | -5% | (63.2) | -5% | 19.5 | 31% |
| SHARE OF GAIN (LOSS) OF JOINT VENTURE | (0.1) | 0% | (0.2) | 0% | 0.1 | 50% |
| EBIT | 931.1 | 61% | 914.2 | 72% | 16.9 | 2% |
| FINANCE COSTS | (129.7) | -9% | (157.4) | -12% | (27.7) | -18% |
| EBT | 801.4 | 53% | 756.8 | 60% | 44.6 | 6% |
| INCOME TAX INCOME (EXPENSE) | (21.2) | -1% | - | 0% | 21.2 | |
| NET PROFIT (LOSS) | 780.2 | 51% | 756.8 | 60% | 23.4 | 3% |
| OTHER COMPREHENSIVE INCOME | 3.7 | 0% | (13.3) | -1% | 17.0 | 128% |
| COMPREHENSIVE INCOME | 783.9 | 52% | 743.5 | 59% | 40.4 | 5% |

Net Profit (Loss) attributable to :

| | | |
|---------------------------|--------------|--------------|
| Owners of the parent | 700.8 | 675.3 |
| Non-controlling interests | 79.4 | 81.5 |
| | 780.2 | 756.8 |

Comprehensive Income attributable to :

| | | |
|---------------------------|--------------|--------------|
| Owners of the parent | 704.5 | 661.8 |
| Non-controlling interests | 79.4 | 81.7 |
| | 783.9 | 743.5 |

EARNINGS PER SHARE

| | | |
|--------------------------------|--------|--------|
| NO. OF SHARES (Million shares) | 949.00 | 924.00 |
| EPS (Baht per share) | 0.74 | 0.73 |

The operating results according to the consolidated financial statements of the Company and its subsidiaries for 1st Quarter of 2018 presented the net profit of Baht 780.2 million or Baht 0.74 per share which increasing by Baht 23.4 million or 3%, compared to the net profit of Baht 756.8 million or Baht 0.73 per share of 1st Quarter of 2017. The significant reasons were as follows:



Management Discussion and Analysis

For the Three-month Period ended 31 March 2018 (Unaudited)

1.1 Revenue from Sales and Services

Revenue from sales and services for 1st Quarter of 2018 was Baht 1,516.6 million which increasing by Baht 248.9 million or 20% from Baht 1,267.7 million in 1st Quarter of 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 for 1st Quarter of 2018 was Baht 380.9 million which increasing by Baht 313.1 million or 462% from Baht 67.8 million in 1st Quarter of 2017.

- Revenue from electricity sales of 36 solar farms for 1st Quarter of 2018 was Baht 1,100.4 million which decreasing by Baht 39.3 million or 3% from Baht 1,139.7 million in 1st Quarter of 2017 because (1) the power output of 1st Quarter of 2018 was 98.2 million units which decreasing by 4.5 million units or 4% from 102.7 million units in 1st Quarter of 2017 and (2) average selling price during 1st Quarter of 2018 was Baht 11.2 per unit which increasing by Baht 0.1 per unit from Baht 11.1 per unit in 1st Quarter of 2017.

- Steel and Solar Roof Company Limited (SSR), operates the business of metal sheet roofing distribution and installation, its revenue from sales and services for 1st Quarter of 2018 was Baht 33.5 million which decreasing by Baht 26.5 million or 44% from Baht 60.0 million in 1st Quarter of 2017.

1.2 Cost of Sales and Services and Gross Profit

Cost of sales and services for 1st Quarter of 2018 and 2017 were Baht 558.2 million and Baht 324.1 million respectively. Gross profit margin for 1st Quarter of 2018 and 2017 were 63% and 74% 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 and Administrative Expenses

Selling and administrative expenses for 1st Quarter of 2018 was Baht 82.7 million which increasing by Baht 19.5 million or 31% from Baht 63.2 million in 1st Quarter of 2017 resulting from the commission expenses increased Baht 15.3 million, in line with the increasing in solar roof business revenue.



Management Discussion and Analysis

For the Three-month Period ended 31 March 2018 (Unaudited)

1.4 Finance Costs

Finance costs for 1st Quarter of 2018 was Baht 129.7 million which decreasing by Baht 27.7 million or 18% from Baht 157.4 million in 1st Quarter of 2017. The main reason was the Company paid on debentures in the amount of Baht 2,715.0 million in the year 2017.

2. Analysis of financial position according to consolidated financial statement

2.1 Analysis of Assets

As at 31 March 2018, the total assets were Baht 25,583.6 million, increasing by Baht 2,557.0 million or 11% from Baht 23,026.6 million as at 31 December 2017. The details were as follows:

| | 31-Mar-18 | 31-Dec-17 | Change | |
|---|--------------------------|--------------------------|--------------------------|------------|
| | Amount (Million Baht) | Amount (Million Baht) | Amount (Million Baht) | % Change |
| Property, plant and equipment, net | 17,018.8 | 17,175.8 | (157.0) | -1% |
| Other assets | 8,564.8 | 5,850.8 | 2,714.0 | 46% |
| Total assets | 25,583.6 | 23,026.6 | 2,557.0 | 11% |

- As at 31 March 2018, property, plant and equipment were Baht 17,018.8 million, decreasing by Baht 157.0 million or 1% from Baht 17,175.8 million as at 31 December 2017. The main reasons were its depreciation was Baht 160.4 million and the purchase of equipment in the amount of Baht 3.2 million.

- As at 31 March 2018, other assets were Baht 8,564.8 million, increasing by Baht 2,714.0 million or 46% from Baht 5,850.8 million as at 31 December 2017. The main reasons were the acquisition of available-for-sale securities in the amount of Baht 2,355.4 million and the increasing of inventories in the amount of Baht 434.9 million because of solar roof business growth.

2.2 Analysis of Liabilities and Shareholders' Equity

As at 31 March 2018, the total liabilities and shareholders' equity were Baht 25,583.7 million, increasing by Baht 2,557.1 million or 11% from Baht 23,026.6 million as at 31 December 2017. The details were as follows:

| | 31-Mar-18 | 31-Dec-17 | Change | |
|---|--------------------------|--------------------------|--------------------------|------------|
| | Amount (Million Baht) | Amount (Million Baht) | Amount (Million Baht) | % Change |
| Interest bearing debt | 11,115.7 | 10,615.8 | 499.9 | 5% |
| Other liabilities | 1,390.8 | 1,202.6 | 188.2 | 16% |
| Shareholders' equity | 13,077.2 | 11,208.2 | 1,869.0 | 17% |
| Total liabilities and shareholders' equity | 25,583.7 | 23,026.6 | 2,557.1 | 11% |



Management Discussion and Analysis

For the Three-month Period ended 31 March 2018 (Unaudited)

- As at 31 March 2018, interest bearing debt was Baht 11,115.7 million, increasing by Baht 499.9 million or 5% from Baht 10,615.8 million as at 31 December 2017. The main reason was the issuance of the debentures in the amount of Baht 500 million.

- As at 31 March 2018, other liabilities was Baht 1,390.8 million, increasing by Baht 188.2 million or 16% from Baht 1,202.6 million as at 31 December 2017. The main reason was the increasing in accounts payable resulting from solar roof business growth.

- As at 31 March 2018, shareholders' equity was Baht 13,077.2 million, increasing by Baht 1,869.0 million or 17% from Baht 11,208.2 million as at 31 December 2017. The main reasons were as follows:

- The net profit of 1st quarter of 2018 in the amount of Baht 780.2 million.
- The issuance of ordinary shares during 1st quarter of 2018 in the amount of Baht 1,085.0 million.

2.3 The Appropriateness of Financial Structure

According to statement of financial position as at 31 March 2018, debt to equity ratio equal to 0.96 which decreased from 1.05 as at 31 December 2017 due to the issuance of ordinary shares during 1st quarter of 2018 in the amount of Baht 1,085.0 million.

3. Analysis of Cash Flow According to Consolidated Financial Statement

| | Jan - Mar | | |
|--|--------------------------|--------------------------|--------------------------|
| | 2017 | 2016 | Change |
| | Amount (Million Baht) | Amount (Million Baht) | Amount (Million Baht) |
| Net cash generated from (used in) operating activities | 553.2 | 735.4 | (182.2) |
| Net cash generated from (used in) investing activities | (2,346.6) | (1,040.1) | (1,306.5) |
| Net cash generated from (used in) financing activities | 1,528.9 | (71.7) | 1,600.6 |
| Net increase (decrease) in cash and cash equivalents | (264.5) | (376.4) | 111.9 |
| Cash and cash equivalents at the beginning of the period | 345.9 | 455.0 | (109.1) |
| Cash and cash equivalents at the end of the period | 81.4 | 78.6 | 2.8 |

As at 31 March 2018, cash and cash equivalents were Baht 81.4 million, decreasing by Baht 264.5 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 553.2 million, resulting in
 - Net cash generated from operating profit in the amount of Baht 560.9 million
 - Taxes paid in the amount of Baht 7.7 million



Management Discussion and Analysis

For the Three-month Period ended 31 March 2018 (Unaudited)

- 2) Net cash used in investing activities in the amount of Baht 2,346.6 million, resulting in
- Proceed from sale of available-for-sale securities in the amount of Baht 2,764.5 million
 - Acquisition of available-for-sale securities in the amount of Baht 5,116.1 million
 - Proceed from sale of plant, equipment and intangible assets in the amount of Baht 2.3 million
 - Acquisition of plant, equipment and intangible assets in the amount of Baht 3.3 million
 - Interest received in the amount of Baht 6.0 million
- 3) Net cash generated from financing activities in the amount of Baht 1,528.9 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
 - Interest paid in the amount of Baht 53.4 million

Please be informed accordingly.

Yours sincerely,

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

(Dr. Wandee Khunchornyakong Juljarern)

Chief Executive Officer