



## Management Discussion and Analysis

For the Three-month Period ended 31 March 2019 (Unaudited)

### 1. Analysis of Operation Results According to Consolidated Financial Statement

	January - March					
	2019		2018		Change	
	Amount (MB)	% to Revenue	Amount (MB)	% to Revenue	Amount (MB)	% Change
REVENUES	1,341.6	100%	1,516.6	100%	(175.0)	-12%
COST OF SALES	(416.1)	-31%	(567.7)	-37%	(151.6)	-27%
GROSS PROFIT	925.5	69%	948.9	63%	(23.4)	-2%
OTHER INCOME	20.7	2%	55.5	4%	(34.8)	-63%
SELLING EXPENSES	(9.0)	-1%	(18.1)	-1%	(9.1)	-50%
ADMINISTRATIVE EXPENSES	(52.2)	-4%	(55.1)	-4%	(2.9)	-5%
SHARE OF GAIN (LOSS) OF JOINT VENTURE	-	0%	(0.1)	0%	0.1	100%
EBIT	885.0	66%	931.1	61%	(46.1)	-5%
FINANCE COSTS	(95.8)	-7%	(129.7)	-9%	(33.9)	-26%
EBT	789.2	59%	801.4	53%	(12.2)	-2%
INCOME TAX INCOME (EXPENSE)	(6.3)	0%	(21.2)	-1%	(14.9)	-70%
<b>NET PROFIT (LOSS)</b>	<b>782.9</b>	<b>58%</b>	<b>780.2</b>	<b>51%</b>	<b>2.7</b>	<b>0.3%</b>
OTHER COMPREHENSIVE INCOME	9.4	1%	3.7	0%	5.7	154%
COMPREHENSIVE INCOME	792.3	59%	783.9	52%	8.4	1%

#### Net Profit (Loss) attributable to :

Owners of the parent	694.4	700.8
Non-controlling interests	88.5	79.4
	<b>782.9</b>	<b>780.2</b>

#### Comprehensive Income attributable to :

Owners of the parent	703.7	704.5
Non-controlling interests	88.6	79.4
	<b>792.3</b>	<b>783.9</b>

#### EARNINGS PER SHARE

NO. OF SHARES (Million shares)	974.00	949.00
EPS (Baht per share)	<b>0.71</b>	<b>0.74</b>

The operating results according to the consolidated financial statements of the Company and its subsidiaries for the three-month period ended 31 March 2019 (3M 2019) presented the net profit of Baht 782.9 million or Baht 0.71 per share which increasing by Baht 2.7 million or 0.3%, compared to the net profit of Baht 780.2 million or Baht 0.74 per share of 3M 2018. The significant reasons were as follows:



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#### 1.1 Revenue from Sales and Services

Revenue from sales and services of 3M 2019 was Baht 1,341.6 million which decreasing by Baht 175.0 million or 12% from Baht 1,516.6 million in 3M 2018. 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 3M 2019 was Baht 150.3 million which decreasing by Baht 230.6 million or 61% from Baht 380.9 million in 3M 2018. The main reasons were the postponement of some major projects from the beginning of this year to the middle of this year and higher competition in solar roof market therefore SPR made some changes in marketing strategies to increase our competitive advantage in order to meet original sales target 2019.
- customers for large solar roof installation projects they postpone the installation schedule from the beginning of the year to mid-year And this year, the solar roof market has a very high price competition which the company has adjusted the marketing plan and sales strategy to increase competitiveness which will result in the sales of this year of the company to meet the target set
- Revenue from electricity sales of 36 solar farms for 3M 2019 was Baht 1,141.8 million which increasing by Baht 41.4 million or 4% from Baht 1,100.4 million in 3M 2018 because (1) the power output for 3M 2019 was 101.3 million units which increasing by 3.1 million units or 3% from 98.2 million units in 3M 2018 and (2) average selling price during 3M 2019 was Baht 11.3 per unit which increasing by Baht 0.1 per unit from Baht 11.2 per unit in 3M 2018.
- Steel Roof Company Limited (SRC), operates the business of metal sheet roofing distribution and installation, its revenue from sales and services for 3M 2019 was Baht 40.3 million which increasing by Baht 6.8 million or 20% from Baht 33.5 million in 3M 2018.

#### 1.2 Cost of Sales and Services and Gross Profit

Cost of sales and services of 3M 2019 was Baht 416.1 million which decreasing by Baht 151.6 million or 27% from Baht 567.7 million in 3M 2018. The decrease in cost of sales and services was in line with the revenue of solar roof business (SPR).

Gross profit margin of 3M 2019 was 69% which increasing from 63% in 3M 2018. The main reason was the increasing in the proportion of solar farm business with higher gross profit margin.



## Management Discussion and Analysis

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### 1.3 Selling Expenses

Selling expenses for 3M 2019 was Baht 9.0 million which decreasing by Baht 9.1 million or 50% from Baht 18.1 million in 3M 2018. The decrease in cost of sales and services was in line with the revenue of solar roof business (SPR).

### 1.4 Administrative Expenses

Administrative expenses for 3M 2019 was Baht 52.2 million which decreasing by Baht 2.9 million or 5% from Baht 55.1 million in 3M 2018. There is no significant change.

### 1.5 Finance Costs

Finance costs for 3M 2019 was Baht 95.8 million which decreasing by Baht 33.9 million or 26% from Baht 129.7 million in 3M 2018. The main reason was the Company paid on debentures in the amount of Baht 2,950.0 million in the year 2018.

## 2. Analysis of financial position according to consolidated financial statement

### 2.1 Analysis of Assets

As at 31 March 2019, the total assets were Baht 23,450.0 million, increasing by Baht 652.4 million or 3% from Baht 22,797.6 million as at 31 December 2018. The details were as follows:

	31-Mar-19	31-Dec-18	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
<b>Property, plant and equipment, net</b>	<b>16,294.5</b>	<b>16,458.4</b>	<b>(163.9)</b>	<b>-1%</b>
<b>Other assets</b>	<b>7,155.5</b>	<b>6,339.2</b>	<b>816.3</b>	<b>13%</b>
<b>Total assets</b>	<b>23,450.0</b>	<b>22,797.6</b>	<b>652.4</b>	<b>3%</b>

- As at 31 March 2019, property, plant and equipment were Baht 16,294.5 million, decreasing by Baht 163.9 million or 1% from Baht 16,458.4 million as at 31 December 2018. The main reasons were its depreciation was Baht 168.2 million and the purchase and sales of equipment in the amount of Baht 3.6 million and Baht 1.7 million respectively.
- As at 31 March 2019, other assets were Baht 7,155.5 million, increasing by Baht 816.3 million or 13% from Baht 6,339.2 million as at 31 December 2018. The main reasons were the acquisition of available-for-sale securities in the amount of Baht 962.4 million and the decreasing of trade accounts receivable in the amount of Baht 80.8 million.



## Management Discussion and Analysis

For the Three-month Period ended 31 March 2019 (Unaudited)

### 2.2 Analysis of Liabilities and Shareholders' Equity

As at 31 March 2019, the total liabilities and shareholders' equity were Baht 23,450.0 million, increasing by Baht 652.4 million or 3% from Baht 22,797.6 million as at 31 December 2018. The details were as follows:

	31-Mar-19	31-Dec-18	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
<b>Interest bearing debt</b>	<b>8,164.1</b>	<b>8,261.7</b>	<b>(97.6)</b>	<b>-1%</b>
<b>Other liabilities</b>	<b>612.9</b>	<b>655.3</b>	<b>(42.4)</b>	<b>-6%</b>
<b>Shareholders' equity</b>	<b>14,673.0</b>	<b>13,880.6</b>	<b>792.4</b>	<b>6%</b>
<b>Total liabilities and shareholders' equity</b>	<b>23,450.0</b>	<b>22,797.6</b>	<b>652.4</b>	<b>3%</b>

- As at 31 March 2019, interest bearing debt was Baht 8,164.1 million, decreasing by Baht 97.6 million or 1% from Baht 8,261.7 million as at 31 December 2018. The main reasons were as the decreasing of short-term loans from financial institutions in the amount of Baht 99.0 million
- As at 31 March 2019, other liabilities was Baht 612.9 million, decreasing by Baht 42.4 million or 6% from Baht 655.3 million as at 31 December 2018. The main reason was the decreasing of accounts payable.
- As at 31 March 2019, shareholders' equity was Baht 14,673.0 million, increasing by Baht 792.4 million or 6% from Baht 13,880.6 million as at 31 December 2018. The main reasons were as the net profit 1<sup>st</sup> quarter of 2019 in the amount of Baht 782.9 million

### 2.3 The Appropriateness of Financial Structure

According to statement of financial position as at 31 March 2019, debt to equity ratio equal to 0.60 which decreased from 0.64 as at 31 December 2018. There is no significant change.



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### 3. Analysis of Cash Flow According to Consolidated Financial Statement

	January - March		
	2019	2018	Change
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)
Net cash generated from (used in) operating activities	1,059.6	553.1	506.5
Net cash generated from (used in) investing activities	(950.6)	(2,346.6)	1,396.0
Net cash generated from (used in) financing activities	(136.2)	1,528.9	(1,665.1)
Net increase (decrease) in cash and cash equivalents	(27.2)	(264.6)	237.4
Cash and cash equivalents at the beginning of the period	129.2	345.9	(216.7)
Cash and cash equivalents at the end of the period	102.0	81.3	20.7

As at 31 March 2019, cash and cash equivalents were Baht 102.0 million, decreasing by Baht 27.2 million from Baht 129.2 million as at 31 December 2018. The reasons were as follows:

- 1) Net cash generated from operating activities in the amount of Baht 1,059.6 million, resulting in
  - Net cash generated from operating profit in the amount of Baht 1,068.8 million
  - Taxes paid in the amount of Baht 9.2 million
- 2) Net cash used in investing activities in the amount of Baht 950.6 million, resulting in
  - Proceed from sale of available-for-sale securities in the amount of Baht 937.5 million
  - Acquisition of available-for-sale securities in the amount of Baht 1,887.4 million
  - Proceed from sale of plant, equipment in the amount of Baht 1.7 million
  - Acquisition of plant, equipment and intangible assets in the amount of Baht 5.8 million
  - Interest received in the amount of Baht 4.5 million
- 3) Net cash used in financing activities in the amount of Baht 136.2 million.
  - Repayment of short-term loans from financial institutions in the amount of Baht 99.0 million
  - Interest paid in the amount of Baht 37.0 million

Please be informed accordingly.

Yours sincerely,

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Chief Executive Officer