



Management Discussion and Analysis

For the Six-month Period Ended 30 June 2019 (Unaudited)

1. Analysis of Operation Results According to Consolidated Financial Statement

	January - June					
	2019		2018		Change	
	Amount (MB)	% to Revenue	Amount (MB)	% to Revenue	Amount (MB)	% Change
REVENUES	2,606.8	100%	3,056.9	100%	(450.1)	-15%
COST OF SALES	(789.9)	-30%	(1,150.4)	-38%	(360.5)	-31%
GROSS PROFIT	1,816.9	70%	1,906.5	62%	(89.6)	-5%
OTHER INCOME	39.0	1%	77.6	3%	(38.6)	-50%
SELLING EXPENSES	(13.3)	-1%	(41.5)	-1%	(28.2)	-68%
ADMINISTRATIVE EXPENSES	(114.2)	-4%	(126.4)	-4%	(12.2)	-10%
SHARE OF GAIN (LOSS) OF JOINT VENTURE	-	0%	(0.1)	0%	0.1	100%
EBIT	1,728.4	66%	1,816.1	59%	(87.7)	-5%
FINANCE COSTS	(191.1)	-7%	(260.4)	-9%	(69.3)	-27%
EBT	1,537.3	59%	1,555.7	51%	(18.4)	-1%
INCOME TAX INCOME (EXPENSE)	(17.2)	-1%	(38.6)	-1%	(21.4)	-55%
NET PROFIT (LOSS)	1,520.1	58%	1,517.1	50%	3.0	0.2%
OTHER COMPREHENSIVE INCOME	18.0	1%	(10.3)	0%	28.3	275%
COMPREHENSIVE INCOME	1,538.1	59%	1,506.8	49%	31.3	2%

Net Profit (Loss) attributable to :

Owners of the parent	1,347.7	1,360.7
Non-controlling interests	172.4	156.4
	1,520.1	1,517.1

Comprehensive Income attributable to :

Owners of the parent	1,365.7	1,350.4
Non-controlling interests	172.4	156.4
	1,538.1	1,506.8

EARNINGS PER SHARE

NO. OF SHARES (Million shares)	974.0	961.6
EPS (Baht per share)	1.38	1.42

The operating results according to the consolidated financial statements of the Company and its subsidiaries for the six-month period ended 30 June 2019 (1H 2019) presented the net profit of Baht 1,520.1 million or Baht 1.38 per share which increasing by Baht 3.0 million or 0.2%, compared to the net profit of Baht 1,517.1 million or Baht 1.42 per share of 1H 2018. The significant reasons were as follows:



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1.1 Revenue from Sales and Services

Revenue from sales and services of 1H 2019 was Baht 2,606.8 million which decreasing by Baht 450.1 million or 15% from Baht 3,056.9 million in 1H 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 1H 2019 was Baht 262.6 million which decreasing by Baht 534.8 million or 67% from Baht 797.4 million in 1H 2018. The main reasons were the postponement of some major projects from the beginning of this year to Q3 – Q4 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.
- Revenue from electricity sales of 36 solar farms for 1H 2019 was Baht 2,248.6 million which increasing by Baht 70.4 million or 3% from Baht 2,178.2 million in 1H 2018 because (1) the power output for 1H 2019 was 199.8 million units which increasing by 5.1 million units or 3% from 194.7 million units in 1H 2018 and (2) average selling price during 1H 2019 was Baht 11.3 per unit which increasing by Baht 0.1 per unit from Baht 11.2 per unit in 1H 2018.
- Steel Roof Company Limited (SRC), operates the business of metal sheet roofing distribution and installation, its revenue from sales and services for 1H 2019 was Baht 77.3 million. There is no significant change from 2018.

1.2 Cost of Sales and Services and Gross Profit

Cost of sales and services of 1H 2019 was Baht 789.9 million which decreasing by Baht 360.5 million or 31% from Baht 1,150.4 million in 1H 2018. The decrease in cost of sales and services was in line with the revenue of solar roof business (SPR).

Gross profit margin of 1H 2019 was 70% which increasing from 62% in 1H 2018. The main reason was the increasing in the proportion of solar farm business with higher gross profit margin.

1.3 Selling Expenses

Selling expenses for 1H 2019 was Baht 13.3 million which decreasing by Baht 28.2 million or 68% from Baht 41.5 million in 1H 2018. The decrease in selling expenses was in line with the revenue of solar roof business (SPR).



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1.4 Administrative Expenses

Administrative expenses for 1H 2019 was Baht 114.2 million which decreasing by Baht 12.2 million or 10% from Baht 126.4 million in 1H 2018. The decrease in administrative expenses was in line with the revenue of solar roof business (SPR).

1.5 Finance Costs

Finance costs for 1H 2019 was Baht 191.1 million which decreasing by Baht 69.3 million or 27% from Baht 260.4 million in 1H 2018. The main reason was the Company paid on debentures in the amount of Baht 2,950.0 million and Baht 575.0 million in the year 2018 and 2019 respectively.



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2. Analysis of financial position according to consolidated financial statement

2.1 Analysis of Assets

As at 30 June 2019, the total assets were Baht 22,762.5 million, decreasing by Baht 35.1 million or 0.2% from Baht 22,797.6 million as at 31 December 2018. The details were as follows:

	30-Jun-19	31-Dec-18	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
Property, plant and equipment, net	16,124.6	16,458.4	(333.8)	-2%
Other assets	6,637.9	6,339.2	298.7	5%
Total assets	22,762.5	22,797.6	(35.1)	-0.2%

- As at 30 June 2019, property, plant and equipment were Baht 16,124.6 million, decreasing by Baht 333.8 million or 2% from Baht 16,458.4 million as at 31 December 2018. The main reasons were as follows:
 - The depreciation was Baht 336.1 million
 - The purchase of equipment in the amount of Baht 6.9 million
 - The sales of equipment in the amount of Baht 9.5 million
- As at 30 June 2019, other assets were Baht 6,637.9 million, increasing by Baht 298.7 million or 5% from Baht 6,339.2 million as at 31 December 2018. The main reasons were as follows:
 - The acquisition of available-for-sale securities in the amount of Baht 974.9 million
 - The decreasing of restricted cash in the amount of Baht 340.0 million
 - The decreasing of trade and other current accounts receivable in the amount of Baht 186.7 million
 - The decreasing of inventories in the amount of Baht 119.6 million.



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2.2 Analysis of Liabilities and Shareholders' Equity

As at 30 June 2019, the total liabilities and shareholders' equity were Baht 22,762.5 million, decreasing by Baht 35.1 million or 0.2% from Baht 22,797.6 million as at 31 December 2018. The details were as follows:

	30-Jun-19	31-Dec-18	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
Interest bearing debt	7,597.6	8,261.7	(664.1)	-8%
Other liabilities	486.3	655.3	(169.0)	-26%
Shareholders' equity	14,678.6	13,880.6	798.0	6%
Total liabilities and shareholders'	22,762.5	22,797.6	(35.1)	-0.2%

- As at 30 June 2019, interest bearing debt was Baht 7,597.6 million, decreasing by Baht 664.1 million or 8% from Baht 8,261.7 million as at 31 December 2018. The main reasons were as follows:
 - The payment of debenture in the amount of Baht 575.0 million
 - The payment of short-term loans from financial institutions in the amount of Baht 99.0 million
- As at 30 June 2019, other liabilities was Baht 486.3 million, decreasing by Baht 169.0 million or 26% from Baht 655.3 million as at 31 December 2018. The main reason was the decreasing of accounts payable.
- As at 30 June 2019, shareholders' equity was Baht 14,678.6 million, increasing by Baht 798.0 million or 6% from Baht 13,880.6 million as at 31 December 2018. The main reasons were as follows:
 - The net profit of 2019 in the amount of Baht 1,520.1 million
 - The payment of dividend in the amount of Baht 740.1 million

2.3 The Appropriateness of Financial Structure

According to statement of financial position as at 30 June 2019, debt to equity ratio equal to 0.55 which decreased from 0.64 as at 31 December 2018 mainly due to

- The payment of debenture in the amount of Baht 575.0 million
- The net profit of 2019 in the amount of Baht 1,520.1 million
- The payment of dividend in the amount of Baht 740.1 million



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3. Analysis of Cash Flow According to Consolidated Financial Statement

	January - June		
	2019	2018	Change
	Amount	Amount	Amount
	(Million Baht)	(Million Baht)	(Million Baht)
Net cash generated from (used in) operating activities	2,178.4	1,270.2	908.2
Net cash generated from (used in) investing activities	(599.2)	(1,964.2)	1,365.0
Net cash generated from (used in) financing activities	(1,596.7)	508.7	(2,105.4)
Net increase (decrease) in cash and cash equivalents	(17.5)	(185.3)	167.8
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	111.7	160.6	(48.9)

As at 30 June 2019, cash and cash equivalents were Baht 111.7 million, decreasing by Baht 17.5 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 2,178.4 million, resulting in
 - Net cash generated from operating profit in the amount of Baht 2,223.9 million
 - Taxes paid in the amount of Baht 45.5 million
- 2) Net cash used in investing activities in the amount of Baht 599.2 million, resulting in
 - Proceed from sale of available-for-sale securities in the amount of Baht 4,385.8 million
 - Acquisition of available-for-sale securities in the amount of Baht 5,081.5 million
 - Proceed from short term deposits at financial institutions in the amount of Baht 90.0 million
- 3) Net cash used in financing activities in the amount of Baht 1,596.7 million.
 - Dividend paid in the amount of Baht 740.1 million
 - Payment of debenture in the amount of Baht 575.0 million
 - Interest paid in the amount of Baht 189.2 million
 - Repayment of short-term loans from financial institutions in the amount of Baht 99.0 million

Please be informed accordingly.

Yours sincerely,

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Chief Executive Officer