



MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Analysis of Operation Results According to Consolidated Financial Statement

	2019		2018		Change	
	Amount (M฿)	% to Revenue	Amount (M฿)	% to Revenue	Amount (M฿)	% Change
REVENUES	5,246.5	100%	5,928.2	100%	(681.7)	-11%
COST OF SALES	(1,620.5)	-31%	(2,222.6)	-37%	(602.1)	-27%
GROSS PROFIT	3,626.0	69%	3,705.6	63%	(79.6)	-2%
OTHER INCOME	76.0	1%	118.3	2%	(42.3)	-36%
SELLING EXPENSES	(17.3)	0%	(76.8)	-1%	(59.5)	-77%
ADMINISTRATIVE EXPENSES	(276.6)	-5%	(258.9)	-4%	17.7	7%
SHARE OF GAIN (LOSS) OF JOINT VENTURE	-	0%	(0.1)	0%	0.1	100%
EBIT	3,408.1	65%	3,488.1	59%	(80.0)	-2%
FINANCE COSTS	(360.2)	-7%	(503.3)	-8%	(143.1)	-28%
EBT	3,047.9	58%	2,984.8	50%	63.1	2%
INCOME TAX INCOME (EXPENSE)	(36.6)	-1%	(61.2)	-1%	(24.6)	-40%
NET PROFIT (LOSS)	3,011.3	57%	2,923.6	49%	87.7	3.0%
OTHER COMPREHENSIVE INCOME	31.7	1%	(8.9)	0%	40.6	456%
COMPREHENSIVE INCOME	3,043.0	58%	2,914.7	49%	128.3	4%

Net Profit (Loss) attributable to :

Owners of the parent	2,669.4	2,613.6
Non-controlling interests	341.9	310.0
	3,011.3	2,923.6

Comprehensive Income attributable to :

Owners of the parent	2,701.2	2,604.7
Non-controlling interests	341.8	310.0
	3,043.0	2,914.7

EARNINGS PER SHARE

NO. OF SHARES (Million shares)	974.0	967.8
EPS (Baht per share)	2.74	2.70

The operating results according to the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2019 presented the net profit of Baht 3,011.3 million or Baht 2.74 per share which increasing by Baht 87.7 million or 3.0%, compared to the net profit of Baht 2,923.6 million or Baht 2.70 per share of the year ended 31 December 2018. The significant reasons were as follows:



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1.1 Revenue from Sales and Services

Revenue from sales and services of 2019 was Baht 5,246.5 million which decreasing by Baht 681.7 million or 11% from Baht 5,928.2 million in 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 2019 was Baht 506.7 million which decreasing by Baht 949.4 million or 65% from Baht 1,456.1 million in 2018. The main reason was the uncertainty in global economic condition resulting in customers postponing the investment then. In order to drive sales revenue, SPR made some changes in marketing strategies to increase our competitive advantage and delivered the alternative options to customer.
- Revenue from electricity sales of 36 solar farms for 2019 was Baht 4,475.7 million which increasing by Baht 178.2 million or 4% from Baht 4,297.5 million in 2018 because the energy output for 2019 was 397.4 million units which increasing by 13.2 million units or 3% from 384.2 million units in 2018
- Steel Roof Company Limited (SRC), operates the business of metal sheet roofing distribution and installation, its revenue from sales and services for 2019 was Baht 221.3 million which increasing by Baht 55.5 million or 33% from Baht 165.8 million in 2018.

1.2 Cost of Sales and Services and Gross Profit

Cost of sales and services of 2019 was Baht 1,620.5 million which decreasing by Baht 602.1 million or 27% from Baht 2,222.6 million in 2018. The decrease in cost of sales and services was in line with the revenue of solar roof business (SPR).

Gross profit margin of 2019 was 69% which increasing from 63% in 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 2019 was Baht 17.3 million which decreasing by Baht 59.5 million or 77% from Baht 76.8 million in 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 2019 was Baht 276.6 million which increasing by Baht 17.7 million or 7% from Baht 258.9 million in 2018 resulting from the increasing in provision for doubtful accounts of solar roof business (SPR).

1.5 Finance Costs

Finance costs for 2019 was Baht 360.2 million which decreasing by Baht 143.1 million or 28% from Baht 503.3 million in 2018. The main reason was the Company paid on debentures in the amount of Baht 2,950.0 million and Baht 2,375.0 million in the year 2018 and 2019 respectively.

2. Analysis of Financial Position According to Consolidated Financial Statement

2.1 Analysis of Assets

As at 31 December 2019, the total assets were Baht 21,903.3 million, decreasing by Baht 894.3 million or 4% from Baht 22,797.6 million as at 31 December 2018. The details were as follows:

	31-Dec-19	31-Dec-18	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
Property, plant and equipment, net	15,800.3	16,458.4	(658.1)	-4%
Other assets	6,103.0	6,339.2	(236.2)	-4%
Total assets	21,903.3	22,797.6	(894.3)	-4%

- As at 31 December 2019, property, plant and equipment were Baht 15,800.3 million, decreasing by Baht 658.1 million or 4% from Baht 16,458.4 million as at 31 December 2018. The main reason was the depreciation in the amount of Baht 668.4 million.
- As at 31 December 2019, other assets were Baht 6,103.0 million, decreasing by Baht 236.2 million or 4% from Baht 6,339.2 million as at 31 December 2018. The main reasons were as follows:
 - The decreasing of trade accounts receivable in the amount of Baht 168.3 million
 - The decreasing of inventories in the amount of Baht 143.7 million.
 - The acquisition of investment in associated companies in the amount of Baht 40.0 million



MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2019

2.2 Analysis of Liabilities and Shareholders' Equity

As at 31 December 2019, the total liabilities and shareholders' equity were Baht 21,903.3 million, decreasing by Baht 894.3 million or 4% from Baht 22,797.6 million as at 31 December 2018. The details were as follows:

	31-Dec-19	31-Dec-18	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
Interest bearing debt	5,823.4	8,261.7	(2,438.3)	-30%
Other liabilities	475.7	655.3	(179.6)	-27%
Shareholders' equity	15,604.2	13,880.6	1,723.6	12%
Total liabilities and shareholders'	21,903.3	22,797.6	(894.3)	-4%

- As at 31 December 2019, interest bearing debt was Baht 5,823.4 million, decreasing by Baht 2,438.3 million or 30% 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 2,375.0 million
 - The payment of short-term loans from financial institutions in the amount of Baht 122.3 million
 - The increasing of short-term loans from financial institutions in the amount of Baht 53.9 million
- As at 31 December 2019, other liabilities was Baht 475.7 million, decreasing by Baht 179.6 million or 27% from Baht 655.3 million as at 31 December 2018. The main reason was the decreasing of accounts payable.
- As at 31 December 2019, shareholders' equity was Baht 15,604.2 million, increasing by Baht 1,723.6 million or 12% 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 3,011.3 million
 - The payment of dividend in the amount of Baht 1,319.5 million

2.3 The Appropriateness of Financial Structure

According to statement of financial position as at 31 December 2019, debt to equity ratio equal to 0.40 which decreased from 0.64 as at 31 December 2018 mainly due to

- The payment of debenture in the amount of Baht 2,375.0 million
- The net profit of 2019 in the amount of Baht 3,011.3 million
- The payment of dividend in the amount of Baht 1,319.5 million



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3. Analysis of Cash Flow According to Consolidated Financial Statement

	2019	2018	Change
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)
Net cash generated from (used in) operating activities	4,210.4	3,684.0	526.4
Net cash generated from (used in) investing activities	241.8	(802.5)	1,044.3
Net cash generated from (used in) financing activities	(4,121.3)	(3,098.2)	(1,023.1)
Net increase (decrease) in cash and cash equivalents	330.9	(216.7)	547.6
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	460.1	129.2	330.9

As at 31 December 2019, cash and cash equivalents were Baht 460.1 million, increasing by Baht 330.9 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 4,210.4 million, resulting in
 - Net cash generated from operating profit in the amount of Baht 4,280.7 million
 - Taxes paid in the amount of Baht 70.3 million
- 2) Net cash generated from investing activities in the amount of Baht 241.8 million, resulting in
 - Proceed from sale of available-for-sale securities in the amount of Baht 8,642.9 million
 - Proceed from restricted fixed deposits in the amount of Baht 340.0 million
 - Proceed from short-term deposits at financial institutions in the amount of Baht 90.0 million
 - Acquisition of available-for-sale securities in the amount of Baht 8,800.8 million
 - Acquisition of investment in associated companies in the amount of Baht 40 million
- 3) Net cash used in financing activities in the amount of Baht 4,121.3 million.
 - Payment of debenture in the amount of Baht 2,375.0 million
 - Interest paid in the amount of Baht 357.6 million
 - Dividend paid in the amount of Baht 1,319.5 million
 - Repayment of short-term loans from financial institutions in the amount of Baht 122.3 million
 - Proceed from short-term loans from financial institutions in the amount of Baht 53.9 million

Please be informed accordingly.

Yours sincerely,

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Chief Executive Officer