



MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

1. Analysis of Operation Results According to Consolidated Financial Statement

	January - March					
	2020		2019		Change	
	Amount (MB)	% to Revenue	Amount (MB)	% to Revenue	Amount (MB)	% Change
REVENUES	1,454.7	100%	1,341.6	100%	113.1	8%
COST OF SALES	(449.2)	-31%	(416.1)	-31%	33.1	8%
GROSS PROFIT	1,005.5	69%	925.5	69%	80.0	9%
OTHER INCOME	6.9	0%	18.9	1%	(12.0)	-63%
SELLING EXPENSES	(16.1)	-1%	(9.0)	-1%	7.1	79%
ADMINISTRATIVE EXPENSES	(63.9)	-4%	(52.2)	-4%	11.7	22%
GAIN ON DERIVATIVES	16.4	1%	-	0%	16.4	
GAIN (LOSS) ON FINANCIAL ASSETS	(29.5)	-2%	1.8	0%	(31.3)	-1739%
SHARE OF GAIN (LOSS) OF ASSOCIATE ACCOUNTED	0.2	0%	-	0%	0.2	
EBIT	919.5	63%	885.0	66%	34.5	4%
FINANCE COSTS	(69.1)	-5%	(95.8)	-7%	(26.7)	-28%
EBT	850.4	58%	789.2	59%	61.2	8%
INCOME TAX INCOME (EXPENSE)	(12.6)	-1%	(6.3)	0%	(6.3)	-100%
NET PROFIT (LOSS)	837.8	58%	782.9	58%	54.9	7%
OTHER COMPREHENSIVE INCOME	-	0%	9.4	1%	(9.4)	-100%
COMPREHENSIVE INCOME	837.8	58%	792.3	59%	45.5	6%

Net Profit (Loss) attributable to :

Owners of the parent	749.0	694.4
Non-controlling interests	88.8	88.5
	<b>837.8</b>	<b>782.9</b>

Comprehensive Income attributable to :

Owners of the parent	749.0	703.7
Non-controlling interests	88.8	88.6
	<b>837.8</b>	<b>792.3</b>

EARNINGS PER SHARE

NO. OF SHARES (Million shares)	974.0	974.0
EPS (Baht per share)	0.77	0.71

The operating results according to the consolidated financial statements of the Company and its subsidiaries for the three-month period ended 31 March 2020 presented the net profit of Baht 837.8 million or Baht 0.77 per share which increasing by Baht 54.9 million or 7.0%, compared to the net profit of Baht 782.9 million or Baht 0.71 per share of the three-month period ended 31 March 2019. The significant reasons were as follows:



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### 1.1 Revenue from Sales and Services

Revenue from sales and services of 3M 2020 was Baht 1,454.7 million which increasing by Baht 113.1 million or 8% from Baht 1,341.6 million in 3M 2019. 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 2020 was Baht 257.9 million which increasing by Baht 107.6 million or 72% from Baht 150.3 million in 3M 2019.
- Revenue from electricity sales of 36 solar farms for 3M 2020 was Baht 1,152.7 million which increasing by Baht 10.9 million or 1% from Baht 1,141.8 million in 3M 2019 because the energy output for 3M 2020 was 101.9 million units which increasing by 0.6 million units or 1% from 101.3 million units in 3M 2019
- Steel Roof Company Limited (SRC), operates the business of metal sheet roofing distribution and installation, its revenue from sales and services for 3M 2020 was Baht 34.2 million which decreasing by Baht 6.1 million or 15% from Baht 40.3 million in 3M 2019.

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

Cost of sales and services of 3M 2020 was Baht 449.2 million which increasing by Baht 33.1 million or 8% from Baht 416.1 million in 3M 2019. The increase in cost of sales and services was in line with the revenue of solar roof business (SPR).

Gross profit margin of 3M 2020 was 69%. There is no significant change from 2019.

### 1.3 Selling Expenses

Selling expenses for 3M 2020 was Baht 16.1 million which increasing by Baht 7.1 million or 79% from Baht 9.0 million in 3M 2019. The increase in selling expenses was in line with the revenue of solar roof business (SPR).

### 1.4 Administrative Expenses

Administrative expenses for 3M 2020 was Baht 63.9 million which increasing by Baht 11.7 million or 22% from Baht 52.2 million in 3M 2019. The main reasons was the increasing of depreciation in the amount of Baht 5.2 million due to since 1 January 2020, the Company had initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 resulting in the Company had to recognize future value of rentals under the contracts as right-of-use assets and recognize its depreciation as administrative expenses.



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### 1.5 Gain on derivatives

Gain on derivatives of Interest rate swaps for 3M 2020 was Baht 16.4 million due to since 1 January 2020, the Company had initially adopted TFRS 9 financial Instruments.

### 1.6 Loss on financial assets

Loss on financial assets for 3M 2020 was Baht 29.5 million because of losses from investments in short-term fixed income funds as a result of volatile economy, impact from COVID-19.

### 1.7 Finance Costs

Finance costs for 3M 2020 was Baht 69.1 million which decreasing by Baht 26.7 million or 28% from Baht 95.8 million in 3M 2019. The main reason was the Company paid on debentures in the amount of Baht 2,375.0 million in the year 2019.

## 2. Analysis of Financial Position According to Consolidated Financial Statement

### 2.1 Analysis of Assets

As at 31 March 2020, the total assets were Baht 22,857.8 million, increasing by Baht 954.5 million or 4% from Baht 21,903.3 million as at 31 December 2019. The details were as follows:

	31-Mar-20	31-Dec-19	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
<b>Property, plant and equipment, net</b>	<b>15,736.2</b>	<b>15,800.3</b>	<b>(64.1)</b>	<b>-0.4%</b>
<b>Other assets</b>	<b>7,121.6</b>	<b>6,103.0</b>	<b>1,018.6</b>	<b>17%</b>
<b>Total assets</b>	<b>22,857.8</b>	<b>21,903.3</b>	<b>954.5</b>	<b>4%</b>

- As at 31 March 2020, property, plant and equipment were Baht 15,736.2 million, decreasing by Baht 64.1 million or 0.4% from Baht 15,800.3 million as at 31 December 2019. The main reason was the depreciation in the amount of Baht 166.7 million and the increasing of right-of-use assets in the amount of Baht 98.6 million due to since 1 January 2020, the Company has initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17
- As at 31 March 2020, other assets were Baht 7,121.6 million, increasing by Baht 1,018.6 million or 17% from Baht 6,103.0 million as at 31 December 2019. The main reasons were as follows:



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- The increasing of cash and cash equivalents in the amount of Baht 1,105.0 million.
- The increasing of investments in Ukujima projects in the amount of Baht 683.4 million.
- The increasing of trade accounts receivable in the amount of Baht 36.2 million.
- The increasing of deferred tax assets in the amount of Baht 33.7 million.
- The decreasing of Inventories in the amount of Baht 126.4 million.
- The decreasing of available-for-sale securities in the amount of Baht 706.2 million

### 2.2 Analysis of Liabilities and Shareholders' Equity

As at 31 March 2020, the total liabilities and shareholders' equity were Baht 22,857.8 million, increasing by Baht 954.5 million or 4% from Baht 21,903.3 million as at 31 December 2019. The details were as follows:

	31-Mar-20	31-Dec-19	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
<b>Interest bearing debt</b>	<b>5,894.5</b>	<b>5,823.4</b>	<b>71.1</b>	<b>1%</b>
<b>Other liabilities</b>	<b>1,382.7</b>	<b>475.7</b>	<b>907.0</b>	<b>191%</b>
<b>Shareholders' equity</b>	<b>15,580.6</b>	<b>15,604.2</b>	<b>(23.6)</b>	<b>-0.2%</b>
<b>Total liabilities and shareholders'</b>	<b>22,857.8</b>	<b>21,903.3</b>	<b>954.5</b>	<b>4%</b>

- As at 31 March 2020, interest bearing debt was Baht 5,894.5 million, increasing by Baht 71.1 million or 1% from Baht 5,823.4 million as at 31 December 2019. The main reason was the increasing of lease liabilities in the amount of Baht 93.8 million due to since 1 January 2020, the Company had initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17
- As at 31 March 2020, other liabilities was Baht 1,382.7 million, increasing by Baht 907.0 million or 191% from Baht 475.7 million as at 31 December 2019. The main reasons were as follows:
  - The dividend payable was Baht 771.0 million.
  - The increasing of derivatives liabilities of interest rate swaps in the amount of Baht 96.5 million due to since 1 January 2020, the Company had initially adopted TFRS 9 financial Instruments.
- As at 31 March 2020, shareholders' equity was Baht 15,580.6 million, decreasing by Baht 23.6 million or 0.2% from Baht 15,604.2 million as at 31 December 2019. The main reasons were as follows:



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- The net profit of 2020 was Baht 837.8 million
- The payment of dividend was Baht 771.0 million
- The decreasing of retained earnings in the amount of Baht 90.3 million due to the impact of change in accounting policy as a result of the Company had initially adopted TFRS 9 financial Instruments since 1 January 2020.

### 2.3 The Appropriateness of Financial Structure

According to statement of financial position as at 31 March 2020, debt to equity ratio equal to 0.47 which increased from 0.40 as at 31 December 2019 mainly due to

- The dividend payable was Baht 771.0 million
- The increasing of derivatives liabilities of interest rate swaps in the amount of Baht 96.5 million
- The increasing of lease liabilities in the amount of Baht 93.8 million.

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

	January - March		
	2020	2019	Change
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)
<b>Net cash generated from (used in) operating activities</b>	<b>1,165.8</b>	<b>1,059.6</b>	<b>106.2</b>
<b>Net cash generated from (used in) investing activities</b>	<b>(8.8)</b>	<b>(950.6)</b>	<b>941.8</b>
<b>Net cash generated from (used in) financing activities</b>	<b>(52.0)</b>	<b>(136.2)</b>	<b>84.2</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,105.0</b>	<b>(27.2)</b>	<b>1,132.2</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>460.1</b>	<b>129.2</b>	<b>330.9</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,565.1</b>	<b>102.0</b>	<b>1,463.1</b>

As at 31 March 2020, cash and cash equivalents were Baht 1,565.1 million, increasing by Baht 1,105.0 million from Baht 460.1 million as at 31 December 2019. The reasons were as follows:

- 1) Net cash generated from operating activities in the amount of Baht 1,165.8 million, resulting in
  - Net cash generated from operating profit in the amount of Baht 1,172.9 million
  - Taxes paid in the amount of Baht 7.0 million
- 2) Net cash used in investing activities in the amount of Baht 8.8 million, resulting in
  - Proceed from sale of other financial assets in the amount of Baht 2,932.9 million
  - Acquisition of other financial assets in the amount of Baht 2,937.2 million



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- 3) Net cash used in financing activities in the amount of Baht 52.0 million.
- Repayment of short-term loans from financial institutions in the amount of Baht 30.6 million
  - Interest paid in the amount of Baht 23.0 million

Please be informed accordingly.

Yours sincerely,

A handwritten signature in blue ink, consisting of a large, stylized initial 'W' followed by a horizontal line.

(Dr. Wandee Khunchornyakong Juljarern)

Chief Executive Officer