



MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

1. Analysis of Operation Results According to Consolidated Financial Statement

	January - June					
	2020		2019		Change	
	Amount (MB)	% to Revenue	Amount (MB)	% to Revenue	Amount (MB)	% Change
REVENUES	2,629.2	100%	2,606.8	100%	22.4	1%
COST OF SALES	(755.5)	-29%	(789.9)	-30%	(34.4)	-4%
GROSS PROFIT	1,873.7	71%	1,816.9	70%	56.8	3%
OTHER INCOME	13.5	1%	30.8	1%	(17.3)	-56%
SELLING EXPENSES	(17.4)	-1%	(13.3)	-1%	4.1	31%
ADMINISTRATIVE EXPENSES	(142.8)	-5%	(114.2)	-4%	28.6	25%
GAIN ON DERIVATIVES	32.2	1%	-	0%	32.2	
GAIN (LOSS) ON FINANCIAL ASSETS	(2.4)	0%	8.2	0%	(10.6)	-129%
SHARE OF GAIN (LOSS) OF ASSOCIATE ACCOUNTED	(0.9)	0%	-	0%	(0.9)	
EBIT	1,755.9	67%	1,728.4	66%	27.5	2%
FINANCE COSTS	(136.6)	-5%	(191.1)	-7%	(54.5)	-29%
EBT	1,619.3	62%	1,537.3	59%	82.0	5%
INCOME TAX INCOME (EXPENSE)	(35.0)	-1%	(17.2)	-1%	(17.8)	-103%
NET PROFIT (LOSS)	1,584.3	60%	1,520.1	58%	64.2	4%
OTHER COMPREHENSIVE INCOME	-	0%	18.0	1%	(18.0)	-100%
COMPREHENSIVE INCOME	1,584.3	60%	1,538.1	59%	46.2	3%

Net Profit (Loss) attributable to :

Owners of the parent	1,412.3	1,347.7
Non-controlling interests	172.0	172.4
	1,584.3	1,520.1

Comprehensive Income attributable to :

Owners of the parent	1,412.3	1,365.7
Non-controlling interests	172.0	172.4
	1,584.3	1,538.1

EARNINGS PER SHARE

NO. OF SHARES (Million shares)	974.0	974.0
EPS (Baht per share)	1.45	1.38

The operating results according to the consolidated financial statements of the Company and its subsidiaries for the six-month period ended 30 June 2020 (1H 2020) presented the net profit of Baht 1,584.3 million or Baht 1.45 per share which increasing by Baht 64.2 million or 4.0%, compared to the net profit of Baht 1,520.1 million or Baht 1.38 per share of 1H 2019. The significant reasons were as follows:



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1.1 Revenue from Sales and Services

Revenue from sales and services of 1H 2020 was Baht 2,629.2 million which increasing by Baht 22.4 million or 1% from Baht 2,606.8 million in 1H 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 1H 2020 was Baht 308.9 million which increasing by Baht 46.3 million or 18% from Baht 262.6 million in 1H 2019.
- Revenue from electricity sales of 36 solar farms for 1H 2020 was Baht 2,240.4 million which decreasing by Baht 8.2 million or 0.4% from Baht 2,248.6 million in 1H 2019 due to the revenue from subsidy of adders, 8 Baht per unit, of Solar Power (Korat 1) Co., Ltd. had already expired on 20 April 2020. However the energy output for 1H 2020 was 200.3 million units which increasing by 0.5 million units or 0.2% from 199.8 million units in 1H 2019
- Steel Roof Company Limited (SRC), operates the business of metal sheet roofing distribution and installation, its revenue from sales and services for 1H 2020 was Baht 57.2 million which decreasing by Baht 20.1 million or 26% from Baht 77.3 million in 1H 2019.

1.2 Cost of Sales and Services and Gross Profit

Gross profit margin of 1H 2020 was 71.3% which higher than last year (69.7%) because the company could reduce the operation and maintenance cost of solar farm by Baht 21.2 million.

1.3 Selling Expenses

Selling expenses for 1H 2020 was Baht 17.4 million which increasing by Baht 4.1 million or 31% from Baht 13.3 million in 1H 2019. The increase in selling expenses was in line with the revenue of solar roof business (SPR).

1.4 Administrative Expenses

Administrative expenses for 1H 2020 was Baht 142.8 million which increasing by Baht 28.6 million or 25% from Baht 114.2 million in 1H 2019. The main reasons was the increasing of loss on exchange rates in the amount of Baht 19.7 million.



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1.5 Gain on Derivatives

Gain on derivatives of interest rate swaps for 1H 2020 was Baht 32.2 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 1H 2020 was Baht 2.4 million. The main reasons were as follows:

- Losses on investments in short-term fixed income funds was Baht 16.0 million as a result of volatile bond market, impact from COVID-19.
- Losses on investments in equity fund was Baht 2.6 million.
- Gains on investments in Tottori projects was Baht 16.2 million.

1.7 Finance Costs

Finance costs for 1H 2020 was Baht 136.6 million which decreasing by Baht 54.5 million or 29% from Baht 191.1 million in 1H 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 30 June 2020, the total assets were Baht 22,627.4 million, increasing by Baht 724.1 million or 3% from Baht 21,903.3 million as at 31 December 2019. The details were as follows:

	30-Jun-20	31-Dec-19	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
Property, plant and equipment, net	15,567.1	15,800.3	(233.2)	-1%
Other assets	7,060.3	6,103.0	957.3	16%
Total assets	22,627.4	21,903.3	724.1	3%

- As at 30 June 2020, property, plant and equipment were Baht 15,567.1 million, decreasing by Baht 233.2 million or 1% from Baht 15,800.3 million as at 31 December 2019. The main reason was the depreciation in the amount of Baht 333.6 million and the increasing of right-of-use assets in the amount of Baht 102.0 million due to since 1 January 2020, the Company has initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17



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- As at 30 June 2020, other assets were Baht 7,060.3 million, increasing by Baht 957.3 million or 16% from Baht 6,103.0 million as at 31 December 2019. The main reasons were as follows:
 - The increasing of investments in Ukujima projects in the amount of Baht 1,265.3 million.
 - The increasing of short-term fixed income funds in the amount of Baht 234.7 million.
 - The decreasing of cash and cash equivalents in the amount of Baht 298.4 million.
 - The decreasing of inventories in the amount of Baht 130.7 million.
 - The decreasing of trade accounts receivable in the amount of Baht 118.0 million.

2.2 Analysis of Liabilities and Shareholders' Equity

As at 30 June 2020, the total liabilities and shareholders' equity were Baht 22,627.4 million, increasing by Baht 724.1 million or 3% from Baht 21,903.3 million as at 31 December 2019. The details were as follows:

	30-Jun-20	31-Dec-19	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
Interest bearing debt	5,893.9	5,823.4	70.5	1%
Other liabilities	459.2	475.7	(16.5)	-3%
Shareholders' equity	16,274.3	15,604.2	670.1	4%
Total liabilities and shareholders'	22,627.4	21,903.3	724.1	3%

- As at 30 June 2020, interest bearing debt was Baht 5,893.9 million, increasing by Baht 70.5 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 92.1 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 30 June 2020, other liabilities was Baht 459.2 million, decreasing by Baht 16.5 million or 3% from Baht 475.7 million as at 31 December 2019. The main reasons were as follows:
 - The increasing of derivatives liabilities of interest rate swaps in the amount of Baht 80.7 million due to since 1 January 2020, the Company had initially adopted TFRS 9 financial Instruments.
 - The increasing of trade accounts payable in the amount of Baht 49.6 million.



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- As at 30 June 2020, shareholders' equity was Baht 16,274.3 million, increasing by Baht 670.1 million or 4% from Baht 15,604.2 million as at 31 December 2019. The main reasons were as follows:
 - The net profit of 2020 was Baht 1,584.3 million
 - The payment of dividend was Baht 823.8 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 30 June 2020, debt to equity ratio equal to 0.39 which decreased from 0.40 as at 31 December 2019 mainly due to

- The net profit of 2020 was Baht 1,584.3 million
- The dividend payable was Baht 823.8 million
- The increasing of lease liabilities in the amount of Baht 92.1 million.
- The increasing of derivatives liabilities of interest rate swaps in the amount of Baht 80.7 million



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3. Analysis of Cash Flow According to Consolidated Financial Statement

	January - June		
	2020	2019	Change
	Amount	Amount	Amount
	(Million Baht)	(Million Baht)	(Million Baht)
Net cash generated from (used in) operating activities	2,211.6	2,178.4	33.2
Net cash generated from (used in) investing activities	(1,517.1)	(599.2)	(917.9)
Net cash generated from (used in) financing activities	(992.9)	(1,596.7)	603.8
Net increase (decrease) in cash and cash equivalents	(298.4)	(17.5)	(280.9)
Cash and cash equivalents at the beginning of the period	460.1	129.2	330.9
Cash and cash equivalents at the end of the period	161.7	111.7	50.0

As at 30 June 2020, cash and cash equivalents were Baht 161.7 million, decreasing by Baht 298.4 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 2,211.6 million, resulting in
 - Net cash generated from operating profit in the amount of Baht 2,243.8 million
 - Taxes paid in the amount of Baht 32.2 million
- 2) Net cash used in investing activities in the amount of Baht 1,517.1 million, resulting in
 - Proceed from sale of investments in short-term fixed income funds in the amount of Baht 5,151.9 million
 - Acquisition of investments in short-term fixed income funds in the amount of Baht 5,402.7 million
 - Acquisition of investments in Ukujima projects in the amount of Baht 1,265.3 million
- 3) Net cash used in financing activities in the amount of Baht 992.9 million.
 - Dividend paid in the amount of Baht 823.8 million
 - Interest paid in the amount of Baht 134.7 million
 - Repayment of short-term loans from financial institutions in the amount of Baht 30.6 million

Please be informed accordingly.

Yours sincerely,

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