



MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

1. Analysis of Operation Results According to Consolidated Financial Statement

	January - September					
	2020		2019		Change	
	Amount (MB)	% to Revenue	Amount (MB)	% to Revenue	Amount (MB)	% Change
REVENUES	3,813.6	100%	3,794.6	100%	19.0	1%
COST OF SALES	(1,056.8)	-28%	(1,177.6)	-31%	(120.8)	-10%
GROSS PROFIT	2,756.8	72%	2,617.0	69%	139.8	5%
OTHER INCOME	25.3	1%	38.5	1%	(13.2)	-34%
SELLING EXPENSES	(21.5)	-1%	(20.0)	-1%	1.5	8%
ADMINISTRATIVE EXPENSES	(195.4)	-5%	(175.6)	-5%	19.8	11%
GAIN (LOSS) ON DERIVATIVES	46.2	1%	-	0%	46.2	
GAIN (LOSS) ON FINANCIAL ASSETS	4.7	0%	13.1	0%	(8.4)	-64%
SHARE OF GAIN (LOSS) OF ASSOCIATE ACCOUNTED	(0.8)	0%	-	0%	(0.8)	
EBIT	2,615.3	69%	2,473.0	65%	142.3	6%
FINANCE COSTS	(203.4)	-5%	(277.6)	-7%	(74.2)	-27%
EBT	2,411.9	63%	2,195.4	58%	216.5	10%
INCOME TAX EXPENSE	(60.4)	-2%	(26.7)	-1%	33.7	126%
NET PROFIT (LOSS)	2,351.5	62%	2,168.7	57%	182.8	8%
OTHER COMPREHENSIVE INCOME	-	0%	29.8	1%	(29.8)	-100%
COMPREHENSIVE INCOME	2,351.5	62%	2,198.5	58%	153.0	7%

Net Profit (Loss) attributable to :

Owners of the parent	2,097.1	1,922.9
Non-controlling interests	254.4	245.8
	2,351.5	2,168.7

Comprehensive Income attributable to :

Owners of the parent	2,097.1	1,952.8
Non-controlling interests	254.4	245.7
	2,351.5	2,198.5

EARNINGS PER SHARE

NO. OF SHARES (Million shares)	974.0	974.0
EPS (Baht per share)	2.15	1.97

The operating results according to the consolidated financial statements of the Company and its subsidiaries for the nine-month period ended 30 September 2020 (9M2020) presented the net profit of Baht 2,351.5 million or Baht 2.15 per share which increasing by Baht 182.8 million or 8.0%, compared to the net profit of Baht 2,168.7 million or Baht 1.97 per share of 9M2019. The significant reasons were as follows:



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1.1 Revenue from Sales and Services

Revenue from sales and services of 9M2020 was Baht 3,813.6 million which increasing by Baht 19.0 million or 1% from Baht 3,794.6 million in 9M2019. 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 9M2020 was Baht 449.9 million which increasing by Baht 58.4 million or 15% from Baht 391.5 million in 9M2019.
- Revenue from solar farm business for 9M2020 was Baht 3,256.7 million which consist of the revenue from the sale of equipment was Baht 7.3 million and the revenue from electricity sales of 36 solar farms was Baht 3,249.4 million which decreasing by Baht 5.2 million or 0.2% from Baht 3,254.6 million in 9M2019 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 9M2020 was 292.7 million units which increasing by 3.3 million units or 1% from 289.4 million units in 9M2019
- Steel Roof Company Limited (SRC), operates the business of metal sheet roofing distribution and installation, its revenue from sales and services for 9M 2020 was Baht 70.0 million which decreasing by Baht 47.1 million or 40% from Baht 117.1 million in 9M2019.

1.2 Cost of Sales and Services and Gross Profit

Gross profit margin of 9M2020 was 72% which higher than last year (69%) the main reasons was from the cost reduction strategy resulting in cost of O&M (Operating & Maintenance) of solar farm business decreased in the amount of Baht 82 million per annum and property tax decreased in the amount of Baht 54.0 million in accordance with government policy.

1.3 Selling Expenses

Selling expenses for 9M2020 was Baht 21.5 million which increasing by Baht 1.5 million or 8% from Baht 20.0 million in 9M2019. The increase 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 9M2020 was Baht 195.4 million which increasing by Baht 19.8 million or 11% from Baht 175.6 million in 9M2019. The main reasons was the increasing of loss on exchange rates in the amount of Baht 14.1 million.

1.5 Gain on Derivatives

Gain on derivatives of interest rate swaps for 9M2020 was Baht 46.2 million due to since 1 January 2020, the Company had initially adopted TFRS 9 financial Instruments.

1.6 Gain on Financial Assets

Gain on financial assets for 9M2020 was Baht 4.7 million. The main reasons were as follows:

- Gains on investments in Tottori projects was Baht 17.0 million.
- Losses on investments in short-term fixed income funds was Baht 12.3 million as a result of volatility in the bond market, impact from COVID-19.

1.7 Finance Costs

Finance costs for 9M2020 was Baht 203.4 million which decreasing by Baht 74.2 million or 27% from Baht 277.6 million in 9M2019. 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 September 2020, the total assets were Baht 22,800.1 million, increasing by Baht 896.8 million or 4% from Baht 21,903.3 million as at 31 December 2019. The details were as follows:

	30-Sep-20	31-Dec-19	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
Property, plant and equipment, net	15,409.0	15,800.3	(391.3)	-2%
Other assets	7,391.1	6,103.0	1,288.1	21%
Total assets	22,800.1	21,903.3	896.8	4%



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- As at 30 September 2020, property, plant and equipment were Baht 15,409.0 million, decreasing by Baht 391.3 million or 2% from Baht 15,800.3 million as at 31 December 2019. The main reason was the depreciation in the amount of Baht 499.4 million and the increasing of right-of-use assets in the amount of Baht 108.3 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 30 September 2020, other assets were Baht 7,391.1 million, increasing by Baht 1,288.1 million or 21% 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 726.6 million.
 - The decreasing of cash and cash equivalents in the amount of Baht 331.4 million.
 - The decreasing of inventories in the amount of Baht 208.1 million.
 - The decreasing of trade accounts receivable in the amount of Baht 150.0 million.

2.2 Analysis of Liabilities and Shareholders' Equity

As at 30 September 2020, the total liabilities and shareholders' equity were Baht 22,800.1 million, increasing by Baht 896.8 million or 4% from Baht 21,903.3 million as at 31 December 2019. The details were as follows:

	30-Sep-20	31-Dec-19	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
Interest bearing debt	5,897.4	5,823.4	74.0	1%
Other liabilities	466.9	475.7	(8.8)	-2%
Shareholders' equity	16,435.8	15,604.2	831.6	5%
Total liabilities and shareholders'	22,800.1	21,903.3	896.8	4%

- As at 30 September 2020, interest bearing debt was Baht 5,897.4 million, increasing by Baht 74.0 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 94.6 million due to since 1 January 2020, the Company had initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 and the decreasing of short-term loans from financial institutions in the amount of Baht 23.6 million.



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- As at 30 September 2020, other liabilities was Baht 466.9 million, decreasing by Baht 8.8 million or 2% 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 66.7 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 45.6 million.
 - The decreasing of provisions for employee benefits in the amount of Baht 13.7 million.
- As at 30 September 2020, shareholders' equity was Baht 16,435.8 million, increasing by Baht 831.6 million or 5% from Baht 15,604.2 million as at 31 December 2019. The main reasons were as follows:
 - The net profit of 2020 was Baht 2,351.5 million
 - The payment of dividend was Baht 1,429.6 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 September 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 2,351.5 million
- The dividend paid was Baht 1,429.6 million
- The increasing of lease liabilities in the amount of Baht 94.6 million.



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3. Analysis of Cash Flow According to Consolidated Financial Statement

	January - September		
	2020	2019	Change
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)
Net cash generated from (used in) operating activities	3,294.3	3,108.9	185.4
Net cash generated from (used in) investing activities	(2,003.1)	(956.2)	(1,046.9)
Net cash generated from (used in) financing activities	(1,622.6)	(2,105.1)	482.5
Net increase (decrease) in cash and cash equivalents	(331.4)	47.6	(379.0)
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	128.7	176.8	(48.1)

As at 30 September 2020, cash and cash equivalents were Baht 128.7 million, decreasing by Baht 331.4 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 3,294.3 million, resulting in
 - Net cash generated from operating profit in the amount of Baht 3,347.4 million
 - Taxes paid in the amount of Baht 53.1 million
- 2) Net cash used in investing activities in the amount of Baht 2,003.1 million, resulting in
 - Proceed from sale of investments in short-term fixed income funds in the amount of Baht 6,609.8 million
 - Acquisition of investments in short-term fixed income funds in the amount of Baht 7,348.7 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 1,622.6 million.
 - Dividend paid in the amount of Baht 1,429.6 million
 - Interest paid in the amount of Baht 154.4 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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Chief Executive Officer