



MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2020

1. Analysis of Operation Results According to Consolidated Financial Statement

	2020		2019		Change	
	Amount (MB)	% to Revenue	Amount (MB)	% to Revenue	Amount (MB)	% Change
REVENUES	4,920.2	100%	5,246.5	100%	(326.3)	-6%
COST OF SALES	(1,351.6)	-27%	(1,620.5)	-31%	(268.9)	-17%
GROSS PROFIT	3,568.6	73%	3,626.0	69%	(57.4)	-2%
OTHER INCOME	55.5	1%	46.0	1%	9.5	21%
SELLING EXPENSES	(20.2)	0%	(17.3)	0%	2.9	17%
ADMINISTRATIVE EXPENSES	(262.0)	-5%	(276.6)	-5%	(14.6)	-5%
GAIN (LOSS) ON DERIVATIVES	58.4	1%	-	0%	58.4	
GAIN (LOSS) ON FINANCIAL ASSETS	13.3	0%	30.0	1%	(16.7)	-56%
SHARE OF GAIN (LOSS) OF ASSOCIATE ACCOUNTED	(2.0)	0%	-	0%	(2.0)	
EBIT	3,411.6	69%	3,408.1	65%	3.5	0%
FINANCE COSTS	(266.2)	-5%	(360.2)	-7%	(94.0)	-26%
EBT	3,145.4	64%	3,047.9	58%	97.5	3%
INCOME TAX EXPENSE	(83.0)	-2%	(36.6)	-1%	46.4	127%
NET PROFIT (LOSS)	3,062.4	62%	3,011.3	57%	51.1	2%
OTHER COMPREHENSIVE INCOME	-	0%	31.7	1%	(31.7)	-100%
COMPREHENSIVE INCOME	3,062.4	62%	3,043.0	58%	19.4	1%

Net Profit (Loss) attributable to :

Owners of the parent	2,731.6	2,669.4
Non-controlling interests	330.8	341.9
	3,062.4	3,011.3

Comprehensive Income attributable to :

Owners of the parent	2,731.6	2,701.2
Non-controlling interests	330.8	341.8
	3,062.4	3,043.0

EARNINGS PER SHARE

NO. OF SHARES (Million shares)	974.0	974.0
EPS (Baht per share)	2.80	2.74

The operating results according to the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2020 presented the net profit of Baht 3,062.4 million or Baht 2.80 per share which increasing by Baht 51.1 million or 2.0%, compared to the net profit of Baht 3,011.3 million or Baht 2.74 per share of the year ended 31 December 2019. The significant reasons were as follows:



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1.1 Revenue from Sales and Services

Revenue from sales and services of 2020 was Baht 4,920.2 million which decreasing by Baht 5,246.5 million or 6% from Baht 5,246.5 million in 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 2020 was Baht 526.5 million which increasing by Baht 19.8 million or 4% from Baht 506.7 million in 2019.
- Revenue from solar farm business for 2020 was Baht 4,254.2 million which decreasing by Baht 221.5 million or 5% from Baht 4,475.7 million in 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. and the energy output for 2020 was 385.8 million units which increasing by 11.6 million units or 3% from 397.4 million units in 2019
- Steel Roof Company Limited (SRC), operates the business of metal sheet roofing distribution and installation, its revenue from sales and services for 2020 was Baht 89.0 million which decreasing by Baht 132.3 million or 60% from Baht 221.3 million in 2019.

1.2 Cost of Sales and Services and Gross Profit

Gross profit margin of 2020 was 73% 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 69 million per annum. The company would continue to develop the cost reduction program in the coming year.

1.3 Selling Expenses

Selling expenses for 2020 was Baht 20.2 million which increasing by Baht 2.9 million or 17% from Baht 17.3 million in 2019. The increase in selling expenses was in line with the revenue of solar roof business (SPR).

1.4 Administrative Expenses

Administrative expenses for 2020 was Baht 262.0 million which decreasing by Baht 14.6 million or 5% from Baht 276.6 million in 2019. The main reasons was the decreasing of international investment consulting services expenses in the amount of Baht 8.5 million and the decreasing warehouse rental in the amount of Baht 6.0 million.



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1.5 Gain on Derivatives

Gain on derivatives of interest rate swaps for 2020 was Baht 58.4 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 2020 was Baht 13.3 million. The main reasons were as follows:

- Gains on investments in Tottori projects was Baht 16.4 million.
- Losses on investments in short-term fixed income funds was Baht 3.1 million as a result of volatility in the bond market, impact from COVID-19.

1.7 Finance Costs

Finance costs for 2020 was Baht 266.2 million which decreasing by Baht 94.0 million or 26% from Baht 360.2 million in 2019. The main reason was the Company paid on debentures in the amount of Baht 2,375.0 million and Baht 1,700 million in the year 2019 and 2020 respectively.

2. Analysis of Financial Position According to Consolidated Financial Statement

2.1 Analysis of Assets

As at 31 December 2020, the total assets were Baht 21,718.2 million, decreasing by Baht 185.1 million or 1% from Baht 21,903.3 million as at 31 December 2019. The details were as follows:

	31-Dec-20	31-Dec-19	Change	
	Amount	Amount	Amount	% Change
	(Million Baht)	(Million Baht)	(Million Baht)	
Property, plant and equipment, net	15,263.5	15,800.3	(536.8)	-3%
Other assets	6,454.7	6,103.0	351.7	6%
Total assets	21,718.2	21,903.3	(185.1)	-1%

- As at 31 December 2020, property, plant and equipment were Baht 15,263.5 million, decreasing by Baht 536.8 million or 3% from Baht 15,800.3 million as at 31 December 2019. The main reason was the depreciation in the amount of Baht 662.1 million and the increasing of right-of-use assets in the amount of Baht 107.6 million due to since 1 January 2020, the Company has initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17.



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- As at 31 December 2020, other assets were Baht 6,454.7 million, increasing by Baht 351.7 million or 6% 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 decreasing of short-term fixed income funds in the amount of Baht 866.5 million.

2.2 Analysis of Liabilities and Shareholders' Equity

As at 31 December 2020, the total liabilities and shareholders' equity were Baht 21,718.2 million, decreasing by Baht 185.1 million or 1% from Baht 21,903.3 million as at 31 December 2019. The details were as follows:

	31-Dec-20	31-Dec-19	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
Interest bearing debt	4,188.9	5,823.4	(1,634.5)	-28%
Other liabilities	373.6	475.7	(102.1)	-21%
Shareholders' equity	17,155.7	15,604.2	1,551.5	10%
Total liabilities and shareholders'	21,718.2	21,903.3	(185.1)	-1%

- As at 31 December 2020, interest bearing debt was Baht 4,188.9 million, decreasing by Baht 1,634.5 million or 28% from Baht 5,823.4 million as at 31 December 2019. The main reasons were as follows:
 - The payment of the debentures in the amount of Baht 1,700.0 million.
 - The increasing of lease liabilities in the amount of Baht 89.1 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 31 December 2020, other liabilities was Baht 373.6 million, decreasing by Baht 102.1 million or 21% from Baht 475.7 million as at 31 December 2019. The main reasons were as follows:
 - The decreasing of trade and other current accounts payable in the amount of Baht 165.1 million.
 - The increasing of derivatives liabilities of interest rate swaps in the amount of Baht 54.5 million due to since 1 January 2020, the Company had initially adopted TFRS 9 financial Instruments.



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- As at 31 December 2020, shareholders' equity was Baht 17,155.7 million, increasing by Baht 1,551.5 million or 10% from Baht 15,604.2 million as at 31 December 2019. The main reasons were as follows:
 - The net profit of 2020 was Baht 3,062.4 million
 - The payment of dividend was Baht 1,477.4 million
 - The decreasing of brought forward 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.
 - The acquisition of non-controlling interests with a change in control in Set Energy Company Limited was Baht 57.0 million

2.3 The Appropriateness of Financial Structure

According to statement of financial position as at 31 December 2020, debt to equity ratio equal to 0.27 which decreased from 0.40 as at 31 December 2019 mainly due to

- The net profit of 2020 was Baht 3,062.4 million
- The dividend paid was Baht 1,477.4 million
- The payment of the debentures in the amount of Baht 1,700.0 million.
- The increasing of lease liabilities in the amount of Baht 89.1 million.



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3. Analysis of Cash Flow According to Consolidated Financial Statement

	2020	2019	Change
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)
Net cash generated from (used in) operating activities	4,102.1	4,210.4	(108.3)
Net cash generated from (used in) investing activities	(338.4)	241.8	(580.2)
Net cash generated from (used in) financing activities	(3,488.4)	(4,121.3)	632.9
Net increase (decrease) in cash and cash equivalents	275.3	330.9	(55.6)
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	735.4	460.1	275.3

As at 31 December 2020, cash and cash equivalents were Baht 735.4 million, decreasing by Baht 275.3 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 4,102.1 million, resulting in
 - Net cash generated from operating profit in the amount of Baht 4,160.1 million
 - Taxes paid in the amount of Baht 58.0 million
- 2) Net cash used in investing activities in the amount of Baht 338.4 million, resulting in
 - Proceed from sale of investments in short-term fixed income funds in the amount of Baht 9,320.0 million
 - Acquisition of investments in short-term fixed income funds in the amount of Baht 8,378.1 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 3,488.4 million.
 - Payment of debenture in the amount of Baht 1,700.0 million
 - Dividend paid in the amount of Baht 1,477.4 million
 - Interest paid in the amount of Baht 263.0 million

Please be informed accordingly.

Yours sincerely,

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Chief Executive Officer