



Management Discussion and Analysis
For the year ended 31 December 2018

1. Analysis of Operation Results According to Consolidated Financial Statement

	2018		2017		Change	
	Amount (MB)	% to Revenue	Amount (MB)	% to Revenue	Amount (MB)	% Change
REVENUES	5,928.2	100%	6,008.4	100%	(80.2)	-1%
COST OF SALES	(2,222.6)	-37%	(2,303.5)	-38%	(80.9)	-4%
GROSS PROFIT	3,705.6	63%	3,704.9	62%	0.7	0%
OTHER INCOME	118.3	2%	114.8	2%	3.5	3%
SELLING EXPENSES	(76.8)	-1%	(73.2)	-1%	3.6	5%
ADMINISTRATIVE EXPENSES	(258.9)	-4%	(240.5)	-4%	18.4	8%
SHARE OF GAIN (LOSS) OF JOINT VENTURE	(0.1)	0%	(0.9)	0%	0.8	89%
EBIT	3,488.1	59%	3,505.1	58%	(17.0)	0%
FINANCE COSTS	(503.3)	-8%	(618.2)	-10%	(114.9)	-19%
EBT	2,984.8	50%	2,886.9	48%	97.9	3%
INCOME TAX INCOME (EXPENSE)	(61.2)	-1%	(64.8)	-1%	(3.6)	-6%
NET PROFIT (LOSS)	2,923.6	49%	2,822.1	47%	101.5	4%
OTHER COMPREHENSIVE INCOME	(8.9)	0%	(19.5)	0%	10.6	54%
COMPREHENSIVE INCOME	2,914.7	49%	2,802.6	47%	112.1	4%

Net Profit (Loss) attributable to :

Owners of the parent	2,613.6	2,524.3
Non-controlling interests	310.0	297.8
	2,923.6	2,822.1

Comprehensive Income attributable to :

Owners of the parent	2,604.7	2,504.8
Non-controlling interests	310.0	297.8
	2,914.7	2,802.6

EARNINGS PER SHARE

NO. OF SHARES (Million shares)	967.80	924.00
EPS (Baht per share)	2.70	2.73

The operating results according to the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2018 presented the net profit of Baht 2,923.6 million or Baht 2.70 per share which increasing by Baht 101.5 million or 4%, compared to the net profit of Baht 2,822.1 million or Baht 2.73 per share for the year ended 31 December 2017. The significant reasons were as follows:



Management Discussion and Analysis

For the year ended 31 December 2018

1.1 Revenue from Sales and Services

Revenue from sales and services of 2018 was Baht 5,928.2 million which decreasing by Baht 80.2 million or 1% from Baht 6,800.4 million in 2017. 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 2018 was Baht 1,456.1 million which decreasing by Baht 63.2 million or 4% from Baht 1,519.3 million in 2017.
- Revenue from electricity sales of 36 solar farms for 2018 was Baht 4,297.5 million which increasing by Baht 24.5 million or 1% from Baht 4,273.0 million in 2017 because (1) the power output of 2018 was 384.2 million units which decreasing by 0.7 million units or 0.2% from 384.9 million units in 2017 and (2) average selling price during 2018 was Baht 11.2 per unit which increasing by Baht 0.1 per unit from Baht 11.1 per unit in 2017.
- Steel Roof Company Limited (SRC), operates the business of metal sheet roofing distribution and installation, its revenue from sales and services for 2018 was Baht 165.8 million which decreasing by Baht 44.3 million or 21% from Baht 210.1 million in 2017.

1.2 Cost of Sales and Services and Gross Profit

Cost of sales and services of 2018 and 2017 were Baht 2,222.6 million and Baht 2,303.5 million respectively. Gross profit margin of 2018 and 2017 were 63% and 62% respectively. The decrease in cost of sales and services was in line with the revenue from sales and services. However, there was no any change in gross profit margin.

1.3 Selling Expenses

Selling expenses of 2018 was Baht 76.8 million which increasing by Baht 3.6 million or 5% from Baht 73.2 million in 2017 resulting from the increasing in advertising and promotion expenses.

1.4 Administrative Expenses

Administrative expenses of 2018 was Baht 258.9 million which increasing by Baht 18.4 million or 8% from Baht 240.5 million in 2017 resulting from the increasing in employee expenses and international investment consulting services expenses.

1.5 Finance Costs

Finance costs for 2018 was Baht 503.3 million which decreasing by Baht 114.9 million or 19% from Baht 618.2 million in 2017. The main reason was the Company paid on debentures in the amount of Baht 2,950.0 million and Baht 2,715.0 million in the year 2018 and 2017 respectively.



Management Discussion and Analysis

For the year ended 31 December 2018

2. Analysis of financial position according to consolidated financial statement

2.1 Analysis of Assets

As at 31 December 2018, the total assets were Baht 22,797.6 million, decreasing by Baht 229.0 million or 1% from Baht 23,026.6 million as at 31 December 2017. The details were as follows:

	31-Dec-18	31-Dec-17	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
Property, plant and equipment, net	16,458.4	17,150.0	(691.6)	-4%
Other assets	6,339.2	5,876.6	462.6	8%
Total assets	22,797.6	23,026.6	(229.0)	-1%

- As at 31 December 2018, property, plant and equipment were Baht 16,458.4 million, decreasing by Baht 691.6 million or 4% from Baht 17,150.0 million as at 31 December 2017. The main reasons were its depreciation was Baht 689.4 million and the purchase and sales of equipment in the amount of Baht 13.9 million and Baht 27.3 million respectively.
- As at 31 December 2018, other assets were Baht 6,339.2 million, increasing by Baht 462.6 million or 8% from Baht 5,876.6 million as at 31 December 2017. The main reasons were the acquisition of available-for-sale securities in the amount of Baht 846.3 million, the increasing of inventories in the amount of Baht 197.2 million, the decreasing of trade accounts receivable in the amount of Baht 289.9 million and the decreasing of cash and cash equivalents in the amount of Baht 216.7 million.

2.2 Analysis of Liabilities and Shareholders' Equity

As at 31 December 2018, the total liabilities and shareholders' equity were Baht 22,797.6 million, decreasing by Baht 229.0 million or 1% from Baht 23,026.6 million as at 31 December 2017. The details were as follows:

	31-Dec-18	31-Dec-17	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
Interest bearing debt	8,261.7	10,615.8	(2,354.1)	-22%
Other liabilities	655.3	1,202.6	(547.3)	-46%
Shareholders' equity	13,880.6	11,208.2	2,672.4	24%
Total liabilities and shareholders' equity	22,797.6	23,026.6	(229.0)	-1%

- As at 31 December 2018, interest bearing debt was Baht 8,261.7 million, decreasing by Baht 2,354.1 million or 22% from Baht 10,615.8 million as at 31 December 2017. The main reasons were as follows:



Management Discussion and Analysis

For the year ended 31 December 2018

- The issuance of the debentures in the amount of Baht 500.0 million
 - The increasing of short-term loans from financial institutions in the amount of Baht 88.0 million
 - The payment of debenture in the amount of Baht 2,950.0 million
- As at 31 December 2018, other liabilities was Baht 655.3 million, decreasing by Baht 547.3 million or 46% from Baht 1,202.6 million as at 31 December 2017. The main reason was the decreasing of accounts payable.
- As at 31 December 2018, shareholders' equity was Baht 13,880.6 million, increasing by Baht 2,672.4 million or 24% from Baht 11,208.2 million as at 31 December 2017. The main reasons were as follows:
- The net profit of 2018 in the amount of Baht 2,923.6 million
 - The issuance of ordinary shares during 1Q 2018 in the amount of Baht 1,085.0 million
 - The payment of dividend in the amount of Baht 1,327.2 million

2.3 The Appropriateness of Financial Structure

According to statement of financial position as at 31 December 2018, debt to equity ratio equal to 0.64 which decreased from 1.05 as at 31 December 2017 mainly due to The payment of debenture in the amount of Baht 2,950.0 million and the issuance of ordinary shares during 1Q 2018 in the amount of Baht 1,085.0 million.

3. Analysis of Cash Flow According to Consolidated Financial Statement

	2018	2017	Change
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)
Net cash generated from (used in) operating activities	3,684.0	3,334.6	349.4
Net cash generated from (used in) investing activities	(802.5)	1,122.8	(1,925.3)
Net cash generated from (used in) financing activities	(3,098.2)	(4,566.5)	1,468.3
Net increase (decrease) in cash and cash equivalents	(216.7)	(109.1)	(107.6)
Cash and cash equivalents at the beginning of the period	345.9	455.0	(109.1)
Cash and cash equivalents at the end of the period	129.2	345.9	(216.7)

As at 31 December 2018, cash and cash equivalents were Baht 129.2 million, decreasing by Baht 216.7 million from Baht 345.9 million as at 31 December 2017. The reasons were as follows:

- 1) Net cash generated from operating activities in the amount of Baht 3,684.0 million, resulting in
 - Net cash generated from operating profit in the amount of Baht 3,772.4 million
 - Taxes paid in the amount of Baht 88.4 million



Management Discussion and Analysis

For the year ended 31 December 2018

- 2) Net cash used in investing activities in the amount of Baht 802.5 million, resulting in
- Proceed from sale of available-for-sale securities in the amount of Baht 11,582.2 million
 - Acquisition of available-for-sale securities in the amount of Baht 12,513.9 million
 - Proceed from short term deposits at financial institutions in the amount of Baht 81.0 million
 - Proceed from sale of plant, equipment and intangible assets in the amount of Baht 27.3 million
 - Acquisition of plant, equipment and intangible assets in the amount of Baht 17.3 million
 - Interest received in the amount of Baht 36.2 million
- 3) Net cash used in financing activities in the amount of Baht 3,098.2 million.
- Proceed from issue of ordinary shares in the amount of Baht 1,085.0 million
 - Proceed from issue of debenture in the amount of Baht 499.4 million
 - Proceed from short-term loans from financial institutions in the amount of Baht 88.1 million
 - Dividend paid in the amount of Baht 1,327.2 million
 - Payment of debenture in the amount of Baht 2,950.0 million
 - Interest paid in the amount of Baht 491.9 million

Please be informed accordingly.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Dr. Wandee Khunchornyakong Juljareen', written in a cursive style.

(Dr. Wandee Khunchornyakong Juljareen)

Chief Executive Officer