



## Management Discussion and Analysis

### For the six-month period ended 30 June 2018 (unaudited)

#### 1. Analysis of Operation Results According to Consolidated Financial Statement

|                                       | January - June |              |             |              |             |          |
|---------------------------------------|----------------|--------------|-------------|--------------|-------------|----------|
|                                       | 2018           |              | 2017        |              | Change      |          |
|                                       | Amount (MB)    | % to Revenue | Amount (MB) | % to Revenue | Amount (MB) | % Change |
| REVENUES                              | 3,056.9        | 100%         | 2,516.7     | 100%         | 540.2       | 21%      |
| COST OF SALES                         | (1,130.5)      | -37%         | (696.7)     | -28%         | 433.8       | 62%      |
| GROSS PROFIT                          | 1,926.4        | 63%          | 1,820.0     | 72%          | 106.4       | 6%       |
| OTHER INCOME                          | 77.6           | 3%           | 61.8        | 2%           | 15.8        | 26%      |
| SELLING EXPENSES                      | (41.5)         | -1%          | (7.6)       | 0%           | 33.9        | 446%     |
| ADMINISTRATIVE EXPENSES               | (146.3)        | -5%          | (129.6)     | -5%          | 16.7        | 13%      |
| SHARE OF GAIN (LOSS) OF JOINT VENTURE | (0.1)          | 0%           | -           | 0%           | (0.1)       |          |
| EBIT                                  | 1,816.1        | 59%          | 1,744.6     | 69%          | 71.5        | 4%       |
| FINANCE COSTS                         | (260.4)        | -9%          | (315.3)     | -13%         | (54.9)      | -17%     |
| EBT                                   | 1,555.7        | 51%          | 1,429.3     | 57%          | 126.4       | 9%       |
| INCOME TAX INCOME (EXPENSE)           | (38.6)         | -1%          | (14.1)      | -1%          | 24.5        | 174%     |
| NET PROFIT (LOSS)                     | 1,517.1        | 50%          | 1,415.2     | 56%          | 101.9       | 7%       |
| OTHER COMPREHENSIVE INCOME            | (10.3)         | 0%           | (16.8)      | -1%          | (6.5)       | -39%     |
| COMPREHENSIVE INCOME                  | 1,506.8        | 49%          | 1,398.4     | 56%          | 108.4       | 8%       |

#### Net Profit (Loss) attributable to :

|                           |                |                |
|---------------------------|----------------|----------------|
| Owners of the parent      | 1,360.7        | 1,256.7        |
| Non-controlling interests | 156.4          | 158.5          |
|                           | <b>1,517.1</b> | <b>1,415.2</b> |

#### Comprehensive Income attributable to :

|                           |                |                |
|---------------------------|----------------|----------------|
| Owners of the parent      | 1,350.4        | 1,239.9        |
| Non-controlling interests | 156.4          | 158.5          |
|                           | <b>1,506.8</b> | <b>1,398.4</b> |

#### EARNINGS PER SHARE

|                                |        |        |
|--------------------------------|--------|--------|
| NO. OF SHARES (Million shares) | 961.60 | 924.00 |
| EPS (Baht per share)           | 1.42   | 1.36   |

The operating results according to the consolidated financial statements of the Company and its subsidiaries for the six-month period ended 30 June 2018 (1H 2018) presented the net profit of Baht 1,517.1 million or Baht 1.42 per share which increasing by Baht 101.9 million or 7%, compared to the net profit of Baht 1,415.2 million or Baht 1.36 per share of 1H 2017. The significant reasons were as follows:



## Management Discussion and Analysis

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#### 1.1 Revenue from Sales and Services

Revenue from sales and services of 1H 2018 was Baht 3,056.9 million which increasing by Baht 540.2 million or 21% from Baht 2,516.7 million in 1H 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 1H 2018 was Baht 797.4 million which increasing by Baht 590.4 million or 285% from Baht 207.0 million in 1H 2017.
- Revenue from electricity sales of 36 solar farms for 1H 2018 was Baht 2,178.2 million which decreasing by Baht 22.0 million or 1% from Baht 2,200.2 million in 1H 2017 because (1) the power output of 1H 2018 was 194.7 million units which decreasing by 4.4 million units or 2% from 199.1 million units in 1H 2017 and (2) average selling price during 1H 2018 was Baht 11.2 per unit which increasing by Baht 0.1 per unit from Baht 11.1 per unit in 1H 2017.
- Steel and Solar Roof Company Limited (SSR), operates the business of metal sheet roofing distribution and installation, its revenue from sales and services for 1H 2018 was Baht 77.8 million which decreasing by Baht 29.8 million or 28% from Baht 107.6 million in 1H 2017.

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

Cost of sales and services of 1H 2018 and 2017 were Baht 1,130.5 million and Baht 696.7 million respectively. Gross profit margin of 1H 2018 and 2017 were 63% and 72% respectively. The increase in cost of sales and services was in line with the revenue of solar roof business (SPR). However, due to its gross profit margin was lower than solar farm business, resulting in the consolidated gross profit decline.

#### 1.3 Selling Expenses

Selling expenses of 1H 2018 was Baht 41.5 million which increasing by Baht 33.9 million or 446% from Baht 7.6 million in 1H 2017 resulting from the commission expenses increased in line with the increasing in solar roof business revenue.

#### 1.4 Administrative Expenses

Administrative expenses of 1H 2018 was Baht 146.3 million which increasing by Baht 16.7 million or 13% from Baht 129.6 million in 1H 2017 resulting from the warranty extension expenses of inverters used in solar farms and the increasing of employee expenses which in line with the increasing in solar roof business revenue.

#### 1.5 Finance Costs

Finance costs for 1H 2018 was Baht 260.4 million which decreasing by Baht 54.9 million or 17% from Baht 315.3 million in 1H 2017. The main reason was the Company paid on debentures in the amount of Baht 2,715.0 million and Baht 575.0 million in the year 2017 and 2018 respectively.



## Management Discussion and Analysis

### For the six-month period ended 30 June 2018 (unaudited)

## 2. Analysis of financial position according to consolidated financial statement

### 2.1 Analysis of Assets

As at 30 June 2018, the total assets were Baht 24,972.7 million, increasing by Baht 1,946.1 million or 8% from Baht 23,026.6 million as at 31 December 2017. The details were as follows:

|   | 30-Jun-18                | 31-Dec-17                | Change                   |            |
|---|--------------------------|--------------------------|--------------------------|------------|
|   | Amount<br>(Million Baht) | Amount<br>(Million Baht) | Amount<br>(Million Baht) | % Change   |
| <b>Property, plant and equipment, net</b> | <b>16,855.0</b>          | <b>17,175.8</b>          | <b>(320.8)</b>           | <b>-2%</b> |
| <b>Other assets</b>                       | <b>8,117.7</b>           | <b>5,850.8</b>           | <b>2,266.9</b>           | <b>39%</b> |
| <b>Total assets</b>                       | <b>24,972.7</b>          | <b>23,026.6</b>          | <b>1,946.1</b>           | <b>8%</b>  |

- As at 30 June 2018, property, plant and equipment were Baht 16,855.0 million, decreasing by Baht 320.8 million or 2% from Baht 17,175.8 million as at 31 December 2017. The main reasons were its depreciation was Baht 318.4 million and the purchase and sales of equipment in the amount of Baht 7.6 million and Baht 10.0 million respectively.
- As at 30 June 2018, other assets were Baht 8,117.7 million, increasing by Baht 2,266.9 million or 39% from Baht 5,850.8 million as at 31 December 2017. The main reasons were the acquisition of available-for-sale securities in the amount of Baht 1,978.1 million and the increasing of inventories in the amount of Baht 377.2 million because of solar roof business growth.

### 2.2 Analysis of Liabilities and Shareholders' Equity

As at 30 June 2018, the total liabilities and shareholders' equity were Baht 24,972.7 million, increasing by Baht 1,946.1 million or 8% from Baht 23,026.6 million as at 31 December 2017. The details were as follows:

|   | 30-Jun-18                | 31-Dec-17                | Change                   |             |
|---|--------------------------|--------------------------|--------------------------|-------------|
|   | Amount<br>(Million Baht) | Amount<br>(Million Baht) | Amount<br>(Million Baht) | % Change    |
| <b>Interest bearing debt</b>                      | <b>11,007.8</b>          | <b>10,615.8</b>          | <b>392.0</b>             | <b>4%</b>   |
| <b>Other liabilities</b>                          | <b>875.5</b>             | <b>1,202.6</b>           | <b>(327.1)</b>           | <b>-27%</b> |
| <b>Shareholders' equity</b>                       | <b>13,089.4</b>          | <b>11,208.2</b>          | <b>1,881.2</b>           | <b>17%</b>  |
| <b>Total liabilities and shareholders' equity</b> | <b>24,972.7</b>          | <b>23,026.6</b>          | <b>1,946.1</b>           | <b>8%</b>   |

- As at 30 June 2018, interest bearing debt was Baht 11,007.8 million, increasing by Baht 392.0 million or 4% from Baht 10,615.8 million as at 31 December 2017. The main reasons were as follows:
  - The issuance of the debentures in the amount of Baht 500 million
  - The increasing of short-term loans from financial institutions in the amount of Baht 463.2 million
  - The payment of debenture in the amount of Baht 575.0 million



## Management Discussion and Analysis

### For the six-month period ended 30 June 2018 (unaudited)

- As at 30 June 2018, other liabilities was Baht 875.5 million, decreasing by Baht 327.1 million or 27% from Baht 1,202.6 million as at 31 December 2017. The main reason was the decreasing of accounts payable.
- As at 30 June 2018, shareholders' equity was Baht 13,089.4 million, increasing by Baht 1,881.2 million or 17% from Baht 11,208.2 million as at 31 December 2017. The main reasons were as follows:
  - The net profit of 1H 2018 in the amount of Baht 1,517.1 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 710.6 million

#### 2.3 The Appropriateness of Financial Structure

According to statement of financial position as at 30 June 2018, debt to equity ratio equal to 0.91 which decreased from 1.05 as at 31 December 2017 mainly due to 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

|   | January - June           |                          |                          |
|---|--------------------------|--------------------------|--------------------------|
|   | 2018                     | 2017                     | Change                   |
|   | Amount<br>(Million Baht) | Amount<br>(Million Baht) | Amount<br>(Million Baht) |
| <b>Net cash generated from (used in) operating activities</b>   | <b>1,270.2</b>           | <b>1,254.4</b>           | <b>15.8</b>              |
| <b>Net cash generated from (used in) investing activities</b>   | <b>(1,964.2)</b>         | <b>(286.1)</b>           | <b>(1,678.1)</b>         |
| <b>Net cash generated from (used in) financing activities</b>   | <b>508.7</b>             | <b>(1,373.1)</b>         | <b>1,881.8</b>           |
| <b>Net increase (decrease) in cash and cash equivalents</b>     | <b>(185.3)</b>           | <b>(404.8)</b>           | <b>219.5</b>             |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>345.9</b>             | <b>455.0</b>             | <b>(109.1)</b>           |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>160.6</b>             | <b>50.2</b>              | <b>110.4</b>             |

As at 30 June 2018, cash and cash equivalents were Baht 160.6 million, decreasing by Baht 185.3 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 1,270.2 million, resulting in
  - Net cash generated from operating profit in the amount of Baht 1,318.6 million
  - Taxes paid in the amount of Baht 48.4 million
- 2) Net cash used in investing activities in the amount of Baht 1,964.2 million, resulting in
  - Proceed from sale of available-for-sale securities in the amount of Baht 5,937.6 million
  - Acquisition of available-for-sale securities in the amount of Baht 7,921.5 million
  - Proceed from sale of plant, equipment and intangible assets in the amount of Baht 10.3 million



## Management Discussion and Analysis

For the six-month period ended 30 June 2018 (unaudited)

- Acquisition of plant, equipment and intangible assets in the amount of Baht 8.4 million
  - Interest received in the amount of Baht 15.9 million
- 3) Net cash generated from financing activities in the amount of Baht 508.7 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 463.2 million
  - Dividend paid in the amount of Baht 710.6 million
  - Payment of debenture in the amount of Baht 575.0 million
  - Interest paid in the amount of Baht 252.4 million

Please be informed accordingly.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Dr. Wandee Khunchornyakong Juljarern'.

(Dr. Wandee Khunchornyakong Juljarern)

Chief Executive Officer